

FBIS**DAILY REPORT
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WORLD BANK LOANS PRC \$1.9 BILLION FOR PROJECTS

HK080710 Beijing ZHONGGUO XINWEN SHE in Chinese 0214 GMT 8 Aug 84

[Report by Zhou Jisheng: "China Signs Accord With World Bank for a Loan of \$1.9 Billion to China" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 8 Aug (ZHONGGUO XINWEN SHE) -- China has signed an accord with the World Bank for a loan of \$1.9 billion to fund 18 projects. The work of purchasing, inviting bids, and construction has now begun for most of these projects and has begun to achieve initial results. China's per capita GNP is \$300, lower than the maximum set by the International Development Association of the World Bank for the right to enjoy preferential loans; therefore, China is entitled to preferential loans.

The World Bank mainly grants loans for individual projects. China's 18 projects that have received loans from the bank are: four energy projects, including the opening up of the Gaotaizi oil field in Daqing; two communications development projects at Shanghai and Tianjin, and at Huangbu; four agricultural projects, including the transformation of saline-alkaline soil in north China; four intellectual development projects such as the purchases of university instruments and equipment; medical projects; and the projects to provide credit for technological cooperation. Of this total amount of loans, the International Reconstruction and Development Bank has contributed \$1.178 million and the International Development Association has contributed \$734 million. Loans for energy projects account for 26.58 percent of the total loans, those for communication projects account for 18 percent, and those for intellectual development projects account for 22.44 percent.

Since it takes some time to make purchases, invite bids, and import equipment, China has in fact spent only a small part of the loans. Relevant people have said that in the near future it would quickly increase its spending of the loans provided by the World Bank.

WANG WEI ATTENDS UN POPULATION CONFERENCE

OW071445 Beijing XINHUA in English 1430 GMT 7 Aug 84

[Excerpts] Mexico City, August 6 (XINHUA) -- Representatives from more than 150 countries met here today to discuss the pressing issue of excessive world population growth. Opening the second UN Conference on Population, Mexican President Miguel de la Madrid Hurtado said the population policy "is part of the program of each nation, is a question of national sovereignty which is influenced by all the other aspects of the development program." He added that "we reaffirm our faith in the ability of the peoples to improve their living conditions, with mutual respect, support in international cooperation and respect for human rights."

On behalf of UN Secretary General Javier Perez de Cuellar, UN Under-Secretary General Bi Jilong told the opening ceremony that the population problem acquires "greater urgency and priority" in the context of the present world economic difficulties which are particularly distressing the developing countries. He said the conference was of great significance to all nations of the world in a continuing effort to improve the quality of life for their people.

The Chinese delegation led by Wang Wei, minister in charge of the State Family Planning Commission, attended the conference, which will last until August 13.

HONG KONG EXPORTS 'THREATENED' BY NEW U.S. LAW

OW071625 Beijing XINHUA in English 1612 GMT 7 Aug 84

[Text] Hong Kong, August 7 (XINHUA) -- A considerable portion of Hong Kong's trade and up to 50,000 jobs are threatened by new U.S. "country of origin" regulations on textile imports, acting trade director of Hong Kong, Michael Sze, warned here today.

He said the regulations, due to take effect from September 7, were estimated to cause a loss of 2.2 billion Hong Kong dollars (about 650 million yuan) in textile exports.

People of industrial and trade circles here are indignant at the new American rules. The American Chamber of Commerce in Hong Kong issued a statement saying that the measures imposed are "discriminatory" and are contradictory to the U.S.-Hong Kong bilateral textiles agreement. The Hong Kong Industry and Commerce Department sent a memorandum to the U.S. Consulate in Hong Kong, asking the U.S. Administration to face this problem squarely.

The new regulations will mean that material and garments from the Chinese mainland which are made up or finished in Hong Kong will not in future be classed as being Hong Kong-made if no "substantial transformation" took place. They can then be barred from entering the U.S. under quota restrictions.

XINHUA INTERVIEWS KISSINGER ON WORLD SITUATION

OW071219 Beijing XINHUA in English 1110 GMT 7 Aug 84

[By Peng Di, Qian Xiang]

[Text] Washington, August 6 (XINHUA) -- Dr Henry Kissinger said today the challenge facing the world today remains twofold: to preserve peace with justice; and to make the world become less divided between the very rich and the very poor.

In an exclusive interview with XINHUA correspondents who are leaving for home after their tenure of office in the United States, Dr Kissinger was asked: "At the beginning of the 1980s, you told us that this decade will be a period of challenge and also of opportunity. At the midstream of the decade now, how do you see the world situation? What are the new challenges and where are the new opportunities?"

Kissinger said: "I believe that the basic issues in foreign policy do not change very much because they are dictated by geography, history and certain objective factors. So, the challenge remains twofold: preservation of peace with justice and at the same time the development of countries that are in the process of modernization be assisted by the more industrially advanced countries so that the world becomes more homogeneous and less divided between the very rich and the very poor."

"I think that prospects for these objectives are better than they were at the beginning of the eighties", he said, adding: "The interdependence of the world become more clearly understood. The countries threatening the peace have fewer opportunities. The United States has become stronger. After our election, a decisive U.S. Administration will have many opportunities together with friendly countries for creative actions."

On the Middle East, Dr Kissinger said he hoped that after the Israeli election progress could be made in negotiations for a peaceful settlement in the area. But, he pointed out, "there is now a new tension in the area -- the war between Iran and Iraq. I think the Mideast remains very dangerous and I believe the United States will have to conduct a more active policy to reconcile the parties concerned."

On Central America, he said: "You know that I favor a constructive solution. There are two problems in Central America. One is, can the countries in the area develop free of American interference? The answer is yes. But if Soviet and Cuban political and military influence of the scope that is now being developed, that is a problem for us, just as Soviet military influence in Vietnam is a problem for you."

Turning to Sino-U.S. relations, Kissinger said: "I think the relations are fundamentally good because they reflect the national interest of both countries. If one looks back over a decade, we on the American side began with perhaps an excessively romantic view of the relationship and so we could identify almost entirely with the personal relationships that had been developed among leaders. Then there was the period of tension caused by domestic changes in both countries and by having to face concrete problems rather than a general atmosphere. At the beginning it was already a major progress to improve the atmosphere, but at some point one has to become more concrete."

"Right now," he said, "I think we are now in a more mature phase. The two sides understand their common interest. They understand also there are some issues that are difficult to resolve right now and they would therefore have to work at these problems."

On the issue of Taiwan, Dr Kissinger maintains that this issue should be settled by the Chinese themselves. "That's what we wrote in the Shanghai communique," he stressed, "and I still believe in that."

He said "the lessons we should draw from the past period is that both sides have to make an effort to understand the psychology of the other. Both sides have to be patient with each other. But fundamentally I'm optimistic. I think we are in good course now. I think we should be careful that each side very well understand the thinking of the other. We will not always agree. But it is important that we understand each other's motivation."

"Secondly, the United States should be helpful to China in its modernization program. I think that is an important contribution to the peace of the area and to the stability of the world. We don't need any formal arrangement with each other, but we have to understand each other's analysis of the world situation. As I have often said before, I believe that a China that is secure from foreign pressure is in the American interest and I believe also that a developing China is in the world's interest. We have many parallel interests about which we should exchange ideas. Where we do not have parallel interests, we should at least understand what the cause of it is."

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He said it would be highly desirable for more extensive dialogues and in depth analysis of differing views on certain concrete issues between the Chinese and American people in order to seek common grounds and work out solutions that are mutually beneficial. "I believe there is a lot to be said to have a dialogue that is not entirely on our side on the government level," he said.

Referring to the idea held by some quarters in America that the relationship between China and the United States is a "one-way-traffic" mainly favoring China, Kissinger said: "That is nonsense." He continued: "A country of the size, importance, history and influence of China is a major factor in world affairs. The big issue for China at the moment is to fulfil its modernization program. I believe that would also be in the American interest, not as a favor to China but as a necessity for us. We are doing it for reasons of our own. China does not want to cooperate with us to do us a favor. I agree with statements that neither country should use the other as a card. It is short-sighted. It is self-defeating and it is not the basis of a lasting relationship. When we opened our relations with China, it was fully understood that each side should benefit from it. Those conditions have not changed and I strongly disagree with the people who say it mainly benefits China. In this phase those benefits that China derives from its relations with us are also very much in our own interest."

Reminiscing the days of his first visit to Beijing, Dr Kissinger said that none of the things happening today appear "as dramatic as the early adventures that President Nixon and I had the privilege of engaging in, but those were appropriate for that period. The objective conditions do not exist now and objective conditions for this sort of drama exist only once in a generation, if at all."

XINHUA VIEWS PROSPECTS FOR PRESIDENTIAL ELECTIONS

OW071949 Beijing XINHUA in English 1916 GMT 7 Aug 84

["Roundup: U.S. Election Campaign and Economic Situation" by Li Changjiu]

[Text] Beijing, August 7 (XINHUA) -- President Ronald Reagan and Democratic Party presidential candidate Walter Mondale have started their election campaigns in the United States with the economic situation as the main subject at issue.

Reagan launched his re-election campaign riding on the wave of the rapid economic growth in the first and second quarters of the year. During the two quarters, gross national product registered respectively an annual growth rate of 10.1 percent and 7.5 percent. Meanwhile, annual inflation was kept at 4.4 percent and 3.2 percent respectively, and unemployment had been brought down to 7.1 percent by last June.

In a broadcast speech on June 23, President Reagan described the present economic recovery under the leadership of his government as different from previous ones, saying that for the first time since the 1960's Americans can enjoy a strong and stable economic growth without high inflation.

In a speech at the inauguration of an assembly line of the General Motors Corp. on July 5, Reagan said his economic policies were conducive to saving the automobile industry from the brink of collapse, in an apparent effort to win support from auto workers.

On the other hand, Mondale, after winning his nomination as the Democratic Party candidate in July, began criticizing Reagan's domestic and foreign policies. His press secretary told reporters that Mondale will focus, for sometime during the campaign, his criticism of Reagan on the annual budgetary deficit of 200 billion dollars and its influence on the future.

Mondale will not hesitate to remind the voters how Reagan has failed to carry out his promise four years ago to cut deficit and attain a budgetary balance by 1984. It is estimated that the deficits during the four years since Reagan came into the White House will reach 557.6 billion dollars, exceeding the total deficits in the 35 years from the government of Harry Truman to the government of Carter.

Compared with the beginning of 1981, American families with an annual income of less than 10,000 dollars suffered an income loss of 5.6 percent in 1984 while those with an annual income of more than 80,000 dollars enjoyed an income increase of 9.4 percent, as a result of the Reagan administration's cut in tax payment and welfare spending.

During the Democratic Party's National Convention in July, Governor of New York State Mario Cuomo accused the Reagan administration of throwing millions of Americans into poverty and desperation while cutting taxes for the rich and big enterprises. Mondale also criticized Reagan on July 31 for making moderate- and low-income Americans pay more taxes while letting millionaires and big enterprises pay less.

All signs have showed that economic problems, especially economic policies, will be the key issue in the presidential campaign between the Republicans and the Democrats. Former President Richard Nixon said recently that whether or not Reagan will be re-elected mainly depends on the development of the economic situation.

PRC PLANS FIRST TIMBER PURCHASE FROM ST. REGIS

OW060202 Beijing XINHUA in English 0155 GMT 6 Aug 84

[Text] Washington, August 5 (XINHUA) -- China will for the first time buy a substantial amount of timber from a major U.S. pulp and newsprint manufacturing firm.

St Regis Corporation, one of the largest pulp and newsprint manufacturing firms in the United States, has announced the signing of a contract for the timber sale to M.D. Trading Co. Inc., acting on behalf of the China International Trust and Investment Corporation. The timber is located in western Washington State.

DPRK PREMIER HOSTS BANQUET IN BEIJING 7 AUG

OWO71519 Beijing XINHUA in English 1506 GMT 7 Aug 84

[Text] Beijing, August 7 (XINHUA) -- Kang Song-san, premier of the Democratic People's Republic of Korea, hosted a banquet at the Korean Embassy here this evening. Among the Chinese senior officials present were Premier Zhao Ziyang, Vice-Premier Tian Jiyun, Minister of Railways Chen Puru, Minister of Coal Industry Gao Yangwen and Minister of Light Industry Yang Bo.

The Korean premier described his meetings with President Li Xiannian and Premier Zhao Ziyang as "very useful" and taking place in a friendly atmosphere. "Identical views have been reached on all questions mentioned in the talks," he said.

[Beijing XINHUA Domestic Service in Chinese at 1537 GTM on 7 August carries a similar item which renders the preceding paragraph as follows: "Premier Kang Song-san said: 'During our meetings with President Li Xiannian and Premier Zhao Ziyang, we conveyed the cordial greetings of the Korean people's respected leader Comrade Kim Il-song to China's party and government leaders. We also had very useful talks with them in a friendly and comradely atmosphere and shared identical views on all questions mentioned during the meetings.'"]

[The same XINHUA Domestic Service item at this point adds the following paragraph: "He said: 'Through these meetings and talks, we have further strengthened our determination and will to pass on the monolithic Korean-Chinese friendship from generation to generation. During our visit, we also fully acquainted ourselves with the vivid realities of a prospering, advancing China today.'"]

The two parties, governments and peoples of China and the DPRK had tried to consolidate in every possible way their friendship and solidarity and to expand their economic and technical cooperation, he noted. "This is an important contribution to promoting the two countries' socialist construction, and to safeguarding peace in Asia and the rest of the world," Kang said.

[The same XINHUA Domestic Service item renders the preceding paragraph as follows: "Kang Song-san emphatically pointed out: 'The two parties, governments and peoples of Korea and China have tried to consolidate in every possible way their militant friendship and solidarity and to expand and develop their economic and technical cooperation and exchanges. This is an important contribution for promoting the two countries' socialist construction and for safeguarding peace in Asia and the rest of the world.'"]

[Beijing RENMIN RIBAO in Chinese on 8 August carries on page 4 an article titled "DPRK Premier Kang Song-san Hosts Return Banquet in Beijing" which deletes the preceding paragraph.]

Zhao Ziyang said Kang's current visit demonstrated the friendship and unity between China and Korea, and would help further promote their friendly relations and cooperation. China had made some progress in carrying out reforms and raising its people's living standards, he said, but there were still a number of difficulties, which remained to be solved. "We have the faith in building China into a more beautiful country," Zhao added.

[The same XINBUA Domestic Service item renders the preceding paragraph as follows:
"Zhao Ziyang said: Premier Kang Song-san's current visit has demonstrated the great friendship and unity between China and Korea. It will help further promote the sustained and steady development of friendly relations and cooperation between the two countries. He said: 'We have made some progress in carrying out our work and reforms. The outlook of the nation has undergone a considerable change and the people's living standards have been raised. But there are still a number of difficulties and problems in our work which require our efforts to find their solutions.'"]

In his speech Premier Zhao wished the Korean people still greater successes.

[The same XINHUA Domestic Service item renders the preceding paragraph as follows:
"Zhao Ziyang asked Premier Kang Song-san to extend the Chinese people's cordial greetings and warm regards to the fraternal Korean people, wishing the Korean people new successes in their socialist construction in all fields and in the great struggle for the independence and peaceful reunification of the motherland."]

[The same RENMIN RIBAO article deletes from the preceding paragraph the following phrase:
"...wishing the Korean people new successes in their socialist construction in all fields and in the great struggle for the independence and peaceful reunification of the motherland."]

JAPANESE DIARY GIVES 'NANKING MASSACRE' DETAILS

OW071938 Beijing XINHUA in English 1911 GMT 7 Aug 84

[Japanese Soldier's Diary Confirms 1937-38 "Nanking Massacre" in China -- XINHUA headline]

[Text] Tokyo, August 7 (XINHUA) -- The diary of a Japanese Royal Army corporal named Kurihara who took part in the 1937-38 "Nanking Massacre" in China has provided the most direct evidence that Japanese invading troops killed over 10,000 Chinese in a single day during the massacre MAINICHI SHIMBUN reported today.

Kurihara was then a corporal belonging to the Tayama Battalion, the 65th regiment, the 13th Division of the Japanese Royal Army. In his diary, Kurihara noted that 135 Japanese soldiers of the First Battalion captured and disarmed more than 13,000 Chinese (soldiers), whom they were first told to escort by boat to an island on the Yangtse but then were ordered to stop the boats in the middle of the river. The Japanese soldiers withdrew from the boats and fired at the Chinese from all sides. Other captured Chinese soldiers were killed on the river bank at the same time.

MAINICHI SHIMBUN pointed out that Kurihara's sketches and notes on the actual massacre in Nanking had entirely overturned the allegation by the Japanese side that the mass killing in Nanking was made in "self-defence" against a riot of Chinese prisoners about to be released.

The diary was disclosed by Kurihara's family not long ago. Kurihara himself was killed during the Japanese war of aggression in China.

DU RUNSHENG MEETS JAPANESE AGRICULTURE GUEST

OW061606 Beijing XINHUA in English 1506 GMT 6 Aug 84

[Text] Beijing, August 6 (XINHUA) -- Du Runsheng, director of the Rural Policy Research Center of the Secretariat of the Central Committee of the Chinese Communist Party, met here today with Shoichi Ishimoto, secretary-general of the Japanese Mulch Research Institute. Shoichi Ishimoto is also honorary advisor to the Chinese Institute for the Agricultural Application of Plastic Sheeting.

They had a friendly talk on the application of plastic sheets in crop cultivation and the technical transformation of agriculture. After the meeting, Du Runsheng, who is also director of the China Rural Development Research Center, gave a lunch for the guest. Shoichi Ishimoto arrived here August 4 at the invitation of the Ministry of Agriculture, Animal Husbandry and Fisheries.

DUAN JUNYI-LED GROUP ENDS STUDY VISIT TO JAPAN

OW050548 Beijing XINHUA in English 0542 GMT 5 Aug 84

[Text] Osaka, Japan, August 5 (XINHUA) -- The Beijing study group headed by Duan Junyi, senior advisor of the Beijing Municipality of China, ended their visit to Japan and left here for home today.

The group, which arrived in Tokyo on July 23, came to Japan to study the problem of city construction so as to get information for reference in the process of realizing the general scheme of Beijing's city construction. During their stay, the group visited some major Japanese cities, including Tokyo and Osaka, met with city leaders and visited facilities of culture and education, city construction, municipal administration, and transportation.

S. KOREAN YOUTH GROUPS DECLARE OPPOSITION TO REGIME

OW071218 Beijing XINHUA in English 1158 GMT 7 Aug 84

[Text] Pyongyang, August 7 (XINHUA) -- Seven South Korean Christian youth organizations have issued a declaration calling upon the people to expel foreign forces and overthrow the present regime that rules South Korea by force. The declaration also calls for a joint struggle for democracy and unity, according to a report from Seoul quoted by the KOREAN CENTRAL NEWS AGENCY.

The declaration says the omnipotent rule of force in South Korea constitutes a threat to the whole nation and makes the social pathological phenomenon penetrate every aspect of society. The declaration also contains a "program of action" for young Christians to mourn the death of those who fell in the Kwangju incident and investigate the crime of violence. The declaration was signed by the South Korean Young Men's Christian Association, the Presbyterian Youth Association and five other Christian youth organizations.

THAI OFFICIAL ASKS FOR HELP WITH REFUGEES

OW021325 Beijing XINHUA in English 1224 GMT 2 Aug 84

[Text] Bangkok, August 2 (XINHUA) -- A senior Thai security official yesterday appealed to the international community to pay more attention to Indochinese refugees in Thailand and help the Thai Government solve the refugee problem. Speaking at the eighth annual conference on Indochinese displaced persons in Thailand held here yesterday, Secretary General of the National Security Council of Thailand Prasong Sunsiri noted that the number of Lao refugees seeking asylum in Thailand last year had reached 7,491; 2,473 more than in 1982.

Thanks to third countries, he said the number of Indochinese refugees who moved on from Thailand increased from 33,090 in 1982 to 42,721 last year. However, he added, the increased flow of Lao refugees into Thailand has increased the number of Indochinese seeking refuge in Thailand.

Prasong rejected the idea of a local resettlement program in the first country of asylum as a solution to the refugee problem in addition to resettlement of the refugees problem in addition to resettlement of the refugees in third countries. He said that Thailand lacks the facilities to carry out such a program. Even Thai people do not have enough farmland to make a living, he added.

There are currently about 160,000 Indochinese refugees in the Southeast Asian region, and fully 75 percent of them are in Thailand. Third countries such as the United States, Canada and Australia have taken 475,000 refugees from Thailand since 1975. The number of Indochinese refugees in Thailand was reduced from 151,000 last year to 125,000 this year.

SIHANOUK FORCES ATTACK VIETNAMESE POSITIONS

OW071330 Beijing XINHUA in English 1307 GMT 7 Aug 84

[Text] Bangkok, August 7 (XINHUA) -- The Nationalist Sihanoukian Army (ANS) raided Vietnamese-held positions at O-Smach and Mount Sruoch in northwestern Kampuchea last Thursday and Friday, destroying three enemy trucks and two artillery pieces, an official of the Norodom Sihanouk side told XINHUA here today. The ANS fighters also killed six enemy soldiers, captured 46 Heng Samrin troops, including two commanders, and seized a quantity of small arms and other military hardware in the attacks, he said. O-Smach and Mount Sruoch are in Oddar Meanchey Province. O-Smach, named by Samdech Norodom Sihanouk as Sihanouk Borei, was the former ANS headquarters which was overrun by Vietnamese troops in last year's dry-season offensive.

PRC, UK BEGIN 20TH ROUND HONG KONG TALKS

OW080244 Beijing XINHUA in English 0237 GMT 8 Aug 84

[Text] Beijing, August 8 (XINHUA) -- The 20th round of the second phase of the Sino-British talks on the Hong Kong issue began at the Diaoyutai State Guesthouse here this morning.

Before the talks started, Zhou Nan, head of the Chinese delegation, said that there were presently two kinds of heat in China -- the sweltering summer and a Chinese fever for the Olympic Games. Every family was talking about the Games, and Li Ning, the Chinese gymnastics champion, was on everyone's lips.

Richard Evans, head of the British delegation, congratulated the Chinese on their spectacular successes at Los Angeles. Zhou Nan praised British athletes for their performance in the track and field events. He also said that the Chinese Taipei team won a bronze medal too.

Asked about Hong Kong's performance at the Games, Hong Kong Governor Edward Youde said with a smile, "We are trying very hard to do well in future Olympics." Zhou Nan expressed the wish that both Chinese Taipei and Hong Kong teams would do well at the Olympic Games.

The talks are scheduled to continue through tomorrow.

UK OIL COMPANY PRAISES PRC TYPHOON PRECAUTIONS

OW041654 Beijing XINHUA in English 1603 GMT 4 Aug 84

[Text] Shanghai, August 4 (XINHUA) -- The Shanghai Offshore Oil Service Corporation was praised today for providing an offshore joint-venture oil installation with accurate meteorological information and prompt helicopter service as precautions against an approaching typhoon.

Their service was most satisfactory, K.D. Erskine, manager of the British Petroleum Company (Shanghai), said at a tea party here today.

The No 6 Typhoon approached the southern part of the Yellow Sea on July 29 and 30, threatening the Bohai No 10 drilling platform belonging to the British Petroleum Company. The Shanghai Offshore Oil Service Corporation furnished the Nanhuanghai (South Yellow Sea) Petroleum Corporation and the British oil company with information about the typhoon which later proved "very accurate." On July 30, the Shanghai corporation sent two helicopters to evacuate the 80 Chinese and foreign oil workers.

ZHAO ZIYANG MEETS WITH EGYPT'S MINISTER GHALI

OW071654 Beijing XINHUA in English 1619 GMT 7 Aug 84

[Text] Beijing, August 7 (XINHUA) -- The Third World countries were not powerless to oppose the two superpowers' hegemonism and safeguard world peace, Chinese Premier Zhao Ziyang said here today. During a meeting with Butrus Ghali, Egyptian minister of state for foreign affairs, Zhao said unity between the Third World countries was a fundamental guarantee for checking the superpowers' rivalry and resisting hegemonism.

The Chinese premier said that the Egyptian people, while developing their national economy and improving their own livelihood, had made efforts to improve their relations with other Arab countries and supported the Palestine Liberation Organization headed by Chairman 'Arafat.

"We are glad to see that Egypt is exerting increasingly important influence and playing a growing role in international affairs," he said. "We sincerely hope that the Iran-Iraq war will end at the earliest possible date and that the relevant parties will make progress in mediating the war. We support Egypt's efforts in this respect," Zhao added.

Ghali said that the current superpower-created cold war had prevented a solution to the Palestinian problem, led to the failure of mediation in the Iran-Iraq war, hampered the South-North dialogue and the establishment of new international economic order, and disturbed the situation in Africa. "Faced with this situation, the Third World countries need unity all the more," he said. Relations between Egypt and China were very good, he added, and he hoped for further increases in economic, trade, diplomatic and cultural cooperation.

Present at the meeting were Chinese Vice-Foreign Minister Wen Yezhan and Egyptian Ambassador to China Umar al-'Aziz Sharaf. This morning, Wen held talks with Ghali on international issues of common concern and on the further development of Sino-Egyptian relations.

PRC SHIPS HIT MINES IN RED SEA 31 JUL, 3 AUG

OW071714 Beijing XINHUA in English 1632 GMT 7 Aug 84

[Text] San'a', August 6 (XINHUA) -- Two Chinese ships, Hui Yang and Tang He were hit by mines on the Red Sea on July 31 and August 3 respectively. Hui Yang had remained immobilized after suffering serious damage until another passing Chinese ship Hai Ning came to help in its repairing. Hui Yang has already left the Red Sea. A number of ships were hit on the Red Sea in the past week. Arab Yemen, Egypt and other countries are taking steps to safeguard the safety of the ships that pass the Red Sea and the Suez Canal.

LI XIANNIAN MEETS SOMALI FRIENDSHIP OFFICIAL

OW080729 Beijing XINHUA in English 0721 GMT 8 Aug 84

[Text] Beijing, August 8 (XINHUA) -- President Li Xiannian met here this morning with Mohamed Ali Warsame, first vice-president of the Somalia-China Friendship Association and chairman of the Research Bureau of the Central Committee of the Somali Revolutionary Socialist Party.

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They had a friendly exchange of views on furthering relations between the two countries and international issues of mutual interest.

Present were Wang Bingnan, president of the Chinese People's Association for Friendship With Foreign Countries, and Somali Ambassador to China Salah Mohamed Ali. Arriving in Beijing on July 31, Warsame has toured Shanghai and Hangzhou.

Wang Bingnan Hosts Banquet

OW071718 Beijing XINHUA in English 1631 GMT 7 Aug 84

[Text] Beijing, August 7 (XINHUA) -- Wang Bingnan, president of the Chinese People's Association for Friendship With Foreign Countries, met and gave a banquet for a Somali delegation here today. The delegation is led by Mohamed Ali Warsame, first vice-president of the Somalia-China Friendship Association and chairman of the Research Bureau of the Central Committee of the Somali Revolutionary Socialist Party.

QIAO SHI, QIAN LIREN MEET CAPE VERDE DELEGATION

OW071721 Beijing XINHUA in English 1629 GMT 7 Aug 84

[Text] Beijing, August 7 (XINHUA) -- Qiao Shi, alternate member of the Secretariat of the Central Committee of the Communist Party of China, met and gave a dinner for a delegation from the African Party for Independence in Cape Verde here this evening.

The delegation, led by Abilio Duarte, member of the Political Commission and secretary for external relations of the Secretariat of the National Committee of the African party, arrived here this morning.

Qian Liren, head of the International Liaison Department of the CPC Central Committee, held talks with Duarte this afternoon.

XINHUA INTERVIEWS UGANDAN VICE PRESIDENT MUWANGA

OW071958 Beijing XINHUA in English 1925 GMT 7 Aug 84

[Text] Kampala, August 7 (XINHUA) -- Ugandan Vice-President Paulo Muwanga, in an interview with XINHUA today, stated that his country will continue to maintain good relations with China and strive to develop them even further. The vice-president is leaving for an official visit to China and the Democratic People's Republic of Korea at the head of a delegation composed of 14 government officials and Army officers.

Recalling past relations between Uganda and China, Muwanga said their relations went back to 30 years ago when the people of Uganda were fighting for independence. The Ugandan people, he said, were given support by the People's Republic of China in their political struggle.

"We have maintained close relations with China ever since our independence," Muwanga said, adding that before China became a member of the United Nations, "our government supported and voted for the admission of China in the United Nations."

Asked how to advance relations between the two countries, Muwanga said Uganda will continue to maintain close relations with China and will develop them further through the exchange of visits and cooperation in various domains. The vice-president expressed the hope that his forthcoming visit to China will strengthen further the existing relations between his country and China.

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EQUATORIAL GUINEAN PRESIDENT'S VISIT ANNOUNCED

OW080822 Beijing XINHUA in English 0808 GMT 8 Aug 84

[Text] Beijing, August 8 (XINHUA) -- Colonel Obiang Nguema Mbasogo, president of the Republic of Equatorial Guinea, and Mrs Obiang will come August 13 for an official goodwill visit to China at the invitation of President Li Xiannian of the People's Republic of China. This was disclosed by a spokesman of the Chinese Foreign Ministry here this afternoon.

The spokesman said that this would be President Obiang's first visit to China since he came to power in August 1979. "His visit will surely make new contributions to the enhancement of mutual understanding and friendship between the two peoples and the development of friendly relations and cooperation between the two countries," he added.

ENVOY TO EQUATORIAL GUINEA PRESENTS CREDENTIALS

OW030750 Beijing XINHUA in English 0731 GMT 3 Aug 84

[Text] Beijing, August 3 (XINHUA) -- New Chinese Ambassador to the Republic of Equatorial Guinea Liu Fangpu presented his credentials to the country's President Teodoro Obiang Nguema Mbasogo on August 1, said a report from Malabo. The president had a cordial and friendly conversation with the ambassador. Liu Fangpu arrived in Malabo on July 26.

PRC AIDS BOURKINA-FASSO IN HOSPITAL CONSTRUCTION

OW031252 Beijing XINHUA in English 1210 GMT 3 Aug 84

[Text] Ouagadougou, August 2 (XINHUA) -- China and Upper Volta [Bourkina-Fasso] signed a contract here today on building a general hospital in Upper Volta with Chinese aid. The contract was signed by Chinese Ambassador to Upper Volta Feng Zhishan and Minister of Planning and Cooperation Talata Dondasse.

The 150-bed new hospital will be situated in Koudougou, Bourkina Province. Its departments will include internal medicine, ophthalmology, ear-nose-throat, gynaecology, paediatrics, acupuncture, massage, emergency services, and pharmacy. A Chinese-aided stadium was built earlier.

WU XUEQUAN MEETS WITH VENEZUELAN LEADERS

Joins Morales at Luncheon

OW071527 Beijing XINHUA in English 1437 GMT 7 Aug 84

[Text] Caracas, August 6 (XINHUA) -- The Chinese and Venezuelan foreign ministers today joined voices against foreign interference in Central America and called for solutions to the problems of the region by the peaceful means of negotiations.

Speaking at a luncheon in honor of the visiting Chinese Foreign Minister Wu Xueqian, Venezuelan Foreign Minister Paul Morales said that his government is concerned about the disturbing situation in some parts of the world. He expressed deep satisfaction with the Chinese Government's support for the Contadora Group's quest for peace and tranquility in Central America.

In view of the unbalanced world economy and widespread social injustice, he said, it is necessary to restructure the world economic order.

The Venezuelan foreign minister said that his talks with Wu Xueqian showed that there was ample room for the two countries to increase their mutual understanding and co-operation, and that the bilateral relations built up in the ten years since the establishment of diplomatic relations would progress further. Venezuela, he said, wished to enter into exchange of technology with China in the fields of energy and agriculture, and increase its exports to China.

Wu Xueqian, in reply, expressed appreciation of Venezuela's independent foreign policy and its efforts for stronger Latin American unity and peaceful settlement of the Central American problems. He pointed out that the internal factors for the disturbances in Central America lie in the chronic social injustices and economic ills. However, he said, foreign interference, especially superpowers' interference, had made the situation in the region much worse.

Wu went on to say that only by meeting the Central American people's aspirations for social progress, political democracy and better living conditions, and, at the same time, eliminating outside interference in the region, could there be an easing of tension in Central America. He called for full respect for the sovereignty, independence and territorial integrity of the Central American countries which, he said, should be left free to handle their own.

"The contradictions and conflicts between Latin American countries should be settled equitably and reasonably by the peaceful means of negotiations in accordance with the norms of the UN Charter governing relations between nations," he said.

Reiterating China's firm support for the Contadora Group and other Latin American states in seeking a peaceful settlement of the Central American problems, Wu said, "We oppose any interference by the superpowers in Central American affairs regardless of pretext or form. He added, "We urge them (the superpowers -- editor) to respond to the appeal of the Contadora Group both in word and in deed."

Wu expressed satisfaction with the development of bilateral relations and noted that there is much for the two countries to learn from each other. And he thanked Venezuela for its valuable assistance to China's oil industry.

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Meets Lusinchi at Miraflores Palace

OW080908 Beijing XINHUA in English 0854 GMT 8 Aug 84

[Text] Caracas, August 7 (XINHUA) -- Venezuelan President Jaime Lusinchi met Chinese State Councillor and Foreign Minister Wu Xueqian today at Miraflores Palace. In their talks, the two exchanged views on international situation, especially situation in Central America and Latin America, in a cordial and friendly atmosphere.

The Venezuelan president said that he appreciated the traditional culture of China and the ability of the Chinese people and he admired the Chinese revolution and China's contribution to mankind. He hoped that the trade and cultural exchanges between Venezuela and China will be further developed. Wu invited the Venezuelan president to visit China. The president accepted his invitation with pleasure.

NI ZHIFU MEETS SURINAME TRADE UNION GROUP

OW071704 Beijing XINHUA in English 1637 GMT 7 Aug 84

[Text] Beijing, August 7 (XINHUA) -- Ni Zhifu, president of the All-China Federation of Trade Unions, this afternoon met four national trade union presidents from Suriname.

They are Dr Ramon Cruden, president of the progressive worker organization, Frederick Avan Russel, president of the General Confederation of Trade Unions in Suriname, Frederik Derby, president of the progressive Confederation Forty-seven, and Hendrik Sylvester, president of the Confederation of Civil Servants' Organizations.

MEXICAN PARLIAMENT DELEGATION TO VISIT PRC

OW070929 Beijing XINHUA in English 0815 GMT 7 Aug 84

[Text] Beijing, August 7 (XINHUA) -- A Mexican Parliament delegation led by Antonio Riva Palacio Lopez, secretary of the Great Commission of the Senate of Mexico, will pay a 9-day friendly visit to China from August 9 at the invitation of the Standing Committee of the Chinese National People's Congress.

During its visit, the delegation will meet Chinese leaders and exchange views with them on promoting friendly relations between the Mexican Parliament and the Chinese National People's Congress, and on issues of common interest. The delegation will also tour Nanjing and Shanghai.

GOVERNMENT DELEGATION ARRIVES IN ECUADOR 6 JUL

OW070725 Beijing XINHUA in English 0645 GMT 7 Aug 84

[Text] Quito, August 6 (XINHUA) -- The Chinese Government delegation led by Cui Yueli, minister of public health, arrived here and will attend the inaugural ceremony of Ecuadorian new President Leon Febres Cordero. The Chinese delegation will hold talks with the outgoing President Osvaldo Hurtado and the new President Febres Cordero after attending the latter's inaugural ceremony.

PLA CALLS FOR NEGATING CULTURAL REVOLUTION

OWO71844 Beijing XINHUA Domestic Service in Chinese 0819 GMT 7 Aug 84

[Text] Beijing, 7 Aug (XINHUA) -- The PLA General Political Department on 6 August circulated among all major PLA units, a "suggestion concerning carrying out in-depth education on thoroughly negating the 'Cultural Revolution' in PLA units," stressing that to thoroughly negate the "Cultural Revolution" is a fundamental question on eliminating chaos and restoring order in the ideological, political, and organizational line. All PLA units should pay close attention to this question and regard it as an important component of political education in the Army for the second half of this year.

The General Political Department pointed out that recently a leading comrade of the Central Military Commission has repeatedly instructed all PLA units to devote a given period of time to conduct education on thoroughly negating the "Cultural Revolution." This instruction is of universal guiding significance for all PLA units whether they have or have not yet unfolded party rectification. It is also of great importance in further eliminating "leftist" influence, raising the consciousness of cadres and fighters in maintaining unity with the party Central Committee, and intensifying Army building.

The General Political Department called on all PLA units to organize cadres and fighters to diligently study the "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" (especially to study the two sections: "The Decade of the 'Cultural Revolution'" and "A Great Turning Point in History") and study Comrade Deng Xiaoping's articles "Opinions on Drafting 'Resolution on Certain Questions in the History of our Party Since the Founding of the PRC'" and "Interview With Italian Journalist Oriana Fallaci." It is necessary to enable the cadres and fighters to really understand from the study that the "Cultural Revolution," initiated by a leader laboring under a misconception and capitalized on by counterrevolutionary cliques, led to domestic turmoil and brought catastrophe to the party, the state, and the whole people. The "Cultural Revolution" did not constitute revolution or social progress in any sense, nor could it possibly have done so. The theory and views of the "Cultural Revolution" were completely wrong and conformed neither to Marxism-Leninism nor to Chinese reality. The two factions that emerged under the influence of the erroneous theory of the "Cultural Revolution" were, in general, both wrong. "Supporting the left" meant supporting factionalism. Support for either faction was erroneous. It is necessary to thoroughly negate the "Cultural Revolution," its theory, practice, and ideas, and eliminate factionalist remnants in order to unify the thinking on the basis of the "Resolution on Certain Questions the History of Our Party Since the Founding of the PRC."

The General Political Department also pointed out that in conducting education, all PLA units must persistently offer guidance, clarify various vague ideas, and conscientiously sum up the experience and lessons. It is necessary to avoid digging up bygone problems, getting entangled in details, and checking on everyone.

LIU FUZHI: CRIME RATE DOWN, CONTINUES TO DROP

OWO70947 Beijing XINHUA in English 0589 GMT 7 Aug 84

[Text] Beijing, August 7 (XINHUA) -- China will effect a fundamental turn for the better in social order within the coming two years, stated Liu Fuzhi, minister of public security, here recently. In an interview with reporters from the magazine, BUILDING THE LEGAL SYSTEM [FAZHI JIANSHE], on the crack-down on severe criminal offenders which began last August, Liu Fuzhi said, judging from the achievements made in the past year it is entirely possible to achieve the goal of realizing a fundamental turn for the better in social order by the end of 1986.

The interview was carried in the latest issue of the bimonthly magazine published by the Ministry of Justice. The nationwide crack-down on criminal offenders has greatly reduced the crime rate, aroused the initiative of the public in combating offenders and reformed a large number of errant youth, Liu Fuzhi said.

The national crime rate of less than 0.05 percent at present, showing a 30-percent drop compared with a year ago, is one of the lowest in the past 35 years since the founding of New China. During the year more than 70,000 offenders and suspects were turned over to the police by the public. The police also received 1.7 million reports from the general public concerning actual or suspected offences. Also, more than 120,000 offenders turned themselves in, the minister said.

Liu described the struggle against serious crime in the past year as having three conspicuous characteristics: First, it was carried out under the direct leadership of government organs at various levels; second, the struggle received full support of the people; and third, the struggle was conducted strictly in line with the constitution and within the scope of law. The struggle also helped improve social conduct and improved public safety, he said.

Liu emphasized that the struggle against offenders is a long-term task which allows of no slackening of ideological effort. In the coming two years, the major target of the struggle will be criminals who have gone underground, the minister said.

ARTICLE URGES SPARE-TIME WORK FOR INTELLECTUALS

HK071521 Beijing GUANGMING RIBAO in Chinese 1 Aug 84 p 1

[Article by Wang Kang and Wang Tongxun. "Report on an Investigation Into the So-Called 'Economic Crimes' Committed by Quite a Few Scientists and Technicians" -- capitalized passages published in boldface]

[Text] Recently, we went to Tianjin and Hebei to investigate implementation of the policy toward intellectuals. We found out that a considerable number of scientists and technicians, who had received remuneration for helping factories and the rural areas to develop production in their spare time, were improperly criticized or punished for having committed "economic crimes."

Of the scientists and technicians who have committed "economic crimes," there are indeed a few people who have endangered society and violated criminal law. However, the sparetime labor of a large number of scientists and technicians is justifiable. They have made some contributions but they are still "under investigation" or being punished. There are generally the following circumstances:

1. FOLLOWING CHANGES IN THE LEADING BODIES, THE INCUMBENT LEADERS TEAR UP THE SPARE-TIME CONTRACTED AGREEMENTS SIGNED BY THE FORMER LEADERS, RESULTING IN PERSECUTION OF SCIENTISTS AND TECHNICIANS. For example, in March 1983 the technological consultant service center of the Hebei provincial association for science and technology assumed the task of making designs for the Nanzhuang ore dressing plant in Yangquan, Shanxi Province. This was a key project of the Ministry of Coal Industry. The service center entrusted the task to the coal mine designing institute of Hebei Province. After securing the approval of the leaders and signing an official contract with the relevant department, the service center assigned the task to 60 scientists and technicians, to be finished in their spare time.

It was stipulated in the contract that the total designing fee was 550,000 yuan, with 20 percent of the income going to the service center, 68 percent to the designing institute, and 12 percent to the designers as remuneration for their labor. After the design task was initially completed, the scientists and technicians received a monetary reward of from 100 to 650 yuan in accordance with the stipulation. In November last year, however, the newly established party committee of the institute made a decision as follows: Contracting for projects "is conducive to spiritual pollution and encourages people to look at money as everything"; one's personal income should not exceed 400 yuan at most; and those taking part in the designing project are prohibited from assuming leading posts and at the intermediate level. As a result of this decision, the contract was unilaterally torn up, the later stage of the design work stopped, and the scientists and technicians attacked.

2. THE SCIENTISTS AND TECHNICIANS WHO UNDERTOOK SCIENTIFIC RESEARCH PROJECTS WITHOUT THE APPROVAL OF THE LEADERS OF THE UNITS WERE MADE INTO "ECONOMIC CRIMINALS." In March last year, in the course of erecting a dormitory building, the provincial foreign trade and industrial chemicals corporation, which is close to the Hebei provincial water conservancy research institute, suddenly discovered an ancient tomb under the foundations. The unit which contracted for the project was afraid that it would affect the service life of the building and the corporation also failed to get any outside help. Therefore, they sent letters of appointment directly to Chen Shaozhou and other engineers of the institute asking them to act as sparetime technical instructors responsible for the quality of the construction project. Thanks to the efforts of Chen Shaozhou and others, the capital construction investment was reduced by 19,000 yuan and the construction quality was also improved. The department concerned also held an "on-the-spot meeting on construction quality" at the construction site. In order to show its gratitude to Chen Shaozhou and others for their enthusiastic help not only in the mornings and at noon, but also in the evenings, and on holidays, the corporation decided to grant each of them a subsidy of 45 yuan a month. Over a 10-month period, each of them received an extra income of 450 yuan for their sparetime labor.

However, the secretary of the party branch of the water conservancy institute insisted on making the scientists and technicians into "economic criminals" and reported the materials connected with the case to the provincial water conservancy department. The result was that the annual bonuses for 1983 for Chen Shaozhou and others were withheld and they were subjected to heavy ideological pressure.

3. THE EXTRA REMUNERATION THE SCIENTISTS AND TECHNICIANS HAVE RECEIVED IS FOUND OUT AND RECOVERED BY THE LEADERS AND THE RELEVANT PERSONS PUNISHED. Xia Biru, a female engineer of the Tianjin No 2 steel rolling mill was dispatched, with the approval of the mill leaders, to the newly established Shuangji steel tube mill to work as a technical instructor. She worked hard and often worked extra shifts or extra hours. At the beginning, the steel tube mill granted her a subsidy of 8 yuan a month and later increased it to 15 yuan a month. On both occasions, the mill had secured the prior approval of her original unit. However, beginning October 1980, without the approval of her original unit, she received a monthly subsidy of 50 yuan from the steel tube mill. She continued to receive the monthly subsidy until December 1981, when the original unit stopped it. By that time, she had received a total of 750 yuan. In addition, she also received year-end bonuses on two occasions so that her income came to 1,307 yuan. The view of the steel rolling mill is: If Xia Biru can adopt a good attitude and explain the issue clearly, she will receive education through criticism. The subsidies she received with the leaders' approval will not be recovered; the subsidies she received without the approval of leaders will be issued to her at 14 yuan per month.

Some cases were fairly complicated. For example, some people have gratuitously utilized instruments and other equipment of the unit without the leaders' approval or by taking advantage of their work. For this reason, a case is frequently dealt with in different ways. Take, for example, the case of Men Liandi, a staff worker from the Jianmin pharmaceutical factory in Tianjin, who in his spare time helped the Hongxing pharmaceutical factory in Tangshan to develop new products. Because he helped the Hongxing pharmaceutical factory without the approval of the leaders and because he gratuitously utilized small quantities of instruments and raw materials (valued at 30 yuan), the factory authorities placed him on 2-year probation within the party and discharged him from his post as laboratory director. Moreover, the party committee of the medicine management bureau punished him by giving him a serious warning within the party, recording an administrative demerit, and confiscating his "illegal income." Later, after an investigation by the Organization Department of the Tianjin Municipal CFC Committee and the Personnel Bureau of Tianjin Municipality, it was decided that he would be exempted from disciplinary actions. He was asked only to make a self-criticism on his shortcomings and mistakes with regard to his sense of organization and discipline while engaging in a part-time job in his spare time. As to the remuneration he received, with the exception of a monetary reward of 30 yuan a month, he had to turn over the rest to the authorities.

Such a large number of scientists and technicians being made into "economic criminals" has exerted a negative influence on the efforts to invigorate the economy and to implement the policy toward intellectuals.

The Scientists and Technicians Who Engage in Part-Time Jobs in Their Spare Time Should Receive Rational Remuneration

In our view, the intellectuals' enthusiastic service to society and creation of material wealth after completing their own jobs is a manifestation of their socialist initiative. They should naturally receive rational remuneration. Up to now, we have not had a definite management method in this respect. We propose the formulation of some measures on the basis of investigation and study so that the part-time jobs held by scientists and technicians in their spare time can be legalized from their present "underground" position. In our view, we should resolve the following four problems:

1. The system of work quantity should be established. Following the determination of such a work amount, we should have a criterion to determine whether a scientist or a technician has completed his own job. After completing his own job, he can hold a part-time job in his spare time.

2. The rationality of remuneration should be studied. A number of units act in accordance with the stipulations of the Ministry of Education, the Ministry of Finance, and the State Bureau of Labor on limiting to 30 yuan a month the monetary reward of teachers taking part-time teaching jobs. As a matter of fact, quite a few units exceeded the stipulation long ago. The solution to this problem relies on legislation.

3. A person should secure the approval of his own unit before holding a part-time job in his spare time. We suggest that the work should be carried out in an organized and planned way. However, it is inadvisable to stipulate it in too rigid a way. Generally speaking, a person brings the skills of his work post into play in his spare time labor. But because there are numerous aspects of a person's ability, more often than not a person does not utilize his work-post skills in his part-time job. Under these circumstances, it will probably be impossible for a unit to arrange part-time jobs in "an organized and planned way."

4. The problem of some people who receive an excessively high income from their part-time jobs can be resolved by the imposition of income tax or progressive income tax.

CUI NAIFU PAYS RESPECTS TO YUNNAN COMBAT HEROES

OW080541 Beijing XINHUA Domestic Service in Chinese 1439 GMT 4 Aug 84

[Text] Beijing, 4 Aug (XINHUA) -- Representatives of model heroes of the Yunnan front-line today reported on the self-defense counterattacks against Vietnam in Laoshan and Zheyinshan and their deeds in these operations to the national congress of advanced units and individuals engaged in "double support" work [supporting the Army and giving preferential treatment to families of revolutionary army men and martyrs and supporting the government and cherishing the people]. Their deeds were warmly praised by the congress delegates.

At 1430, advanced delegates in "double support" work met with the model hero representatives and held their hands and extended warm regards to them. Hu Wenxiu, mother of martyr Liu Hulan, with tears in her eyes fondled the model hero badge worn by He Wenli, a model health worker on the frontier. She cordially said: "From the bottom of my heart I am delighted to see you. Hulan is dead, but you new heroes have grown up. You have inherited the martyrs' revolutionary spirit and are safeguarding the border of our motherland at all costs. You are most honorable." Zhu Boru, a glorious pacesetter in learning from Lei Feng, and Zhou Yi, a "model retired soldier," grasped the hands of 19-year-old mine-sweeping hero Yang Zailin and said: You deserve to be called young hero of the new era. We want to learn from you! Zhao Zhenni, a "model for loving the country and supporting the Army," pulled first-class meritorious hero Yang Guoyue to her side and, with deep concern, inquired about combat operations on the border front. Again and again she said: "You have done well, very well!" When Chen Hongyuan, a "bold hero," saw the mother of Yan Long, who is also a "bold hero," he warmly rushed forward to salute this hero's mother and help her enter the meeting hall.

Chen Youzhong, responsible person of a border defense unit in Yunnan, and Zhang Youxia, a young regimental commander noted for his resourcefulness and decisiveness, made reports on combat operations at the congress.

Cui Naifu, minister of civil affairs, paid high respects to the combat heroes from the Yunnan frontline on behalf of the advanced delegates to the national "double support" congress. He said: Guided by the spirit of the 12th CPC National Congress, we should do a still better job in supporting the Army and giving preferential treatment to families of revolutionary army men and martyrs, strengthen Army-government and Army-people unity, staunchly back up the frontier guards, and contribute to consolidating our national defense and to building our Armed Forces.

RENMIN RIBAO: BACKGROUND TO CHEN YUN'S WORKS

HK031001 Beijing RENMIN RIBAO in Chinese 16 Jul 84 pp 4, 5

[Article by the editorial group of the "Selected Works of Chen Yun": "Gain Benefit From Historical Experiences -- Introducing the Historical Background to Volume II of the 'Selected Works of Chen Yun'" -- article also appears in HONGQI No 14]

[Text] The second volume of the "Selected Works of Chen Yun" takes in Comrade Chen Yun's articles from August 1949 to July 1956. To help comrades understand the historical background of the financial and economic work that was expounded in the articles written by Comrade Chen Yun in this period and so that they can better understand Comrade Chen Yun's major economic views and his thinking and use them as reference in our current economic work, particularly the work related to our economic structural reform, we specially give the following explanation.

Besides confiscating and transforming bureaucratic capitalist enterprises, accomplishing agrarian reform in the newly-liberated areas, and carrying out the movements against the "three evils" and the "five evils," during the period from the victory of the people's liberation war throughout the country to the completion of the main of the socialist transformation, our party mainly carried on three major "battles" in the economic field, namely: 1) Centralizing the finance and economy and stabilizing prices of goods; 2) exercising a state monopoly over the purchases and sales of grain and a few other major agricultural products; and 3) carrying out the socialist transformation of the capitalist industry and commerce, individual agriculture, and handicraft undertakings. During that period, we also carried out the construction of the First 5-Year Plan. All of these were, in essence, actions to systematically eliminate the capitalist system and lay a foundation for our country's socialism after thoroughly removing the semifeudal and semicolonial social and economic foundation left to us by the old China.

In 1949, as the KMT reactionary rule collapsed, we confiscated the bureaucratic capital and mastered the lifelines of our national economy. However, what we took over was an awful mess. Compared with the year 1936, in 1949 our country's heavy industrial production fell by 70 percent, light industrial production dropped by 30 percent, and agricultural production decreased by 25 percent. During the several years before the fall of the KMT government, the prices of goods in the areas under its rule jumped tens, hundreds, or even thousands of times each year. In less than 1 year, the "gold coin banknotes" issued by the KMT government in August 1948 became waste paper. While the entire country's industrial and agricultural production were very seriously undermined, the expenditure of the more than 5 million-strong principal force of the PLA grew increasingly great because it advanced quickly and thus extended its battleline. In 1949 military expenditure consumed more than half of our total financial revenue, and in 1950 it used up 41.1 percent of it. In the newly liberated areas, we adopted a policy of "taking over" all of the large number of KMT government employees.

As a result, by the beginning of 1950, our government had to provide for the livelihood of about 9 million military and civil government personnel throughout the country including those employed in the areas that we liberated before the liberation. This undoubtedly heavily burdened our economy. Besides, because our liberated areas were separated from one another by the enemy, in the past various such areas were for a long time administered separately; and each of them had its own currency, was solely responsible for its own revenue and expenditure, and had a unique situation of supply and demand. This aggravated the difficulties for the central authorities in exercising a centralized administration of finance under the new situation. All of the above gave us extremely great financial and economic problems and for a time made it very difficult for us to gain the initiative in our financial and economic work. At that time, we could not help but rely on issuing currency to get the funds for most of the combat expenditure of our troops and the living expenses of our full-time government workers. Given that the state had extremely limited material resources in its hands, the volume of renminbi that we issued had risen 100-fold in November 1949 over that at the end of 1948, and 270 times by February 1950. The difficulties were indeed tremendously great. Of course, they were difficulties in the course of victory and were temporary difficulties.

Under a situation of extremely serious financial and economic difficulties, the CPC Central Committee sent Comrade Chen to Shanghai in July 1949 to investigate, study, and hold a financial and economic work conference attended by the leading cadres of five major regions. This conference clearly and definitely formulated the principle of going all out to support the thorough victory of the liberation war and providing for the livelihood of the people in the newly liberated areas, particularly in large cities, and presented the measures and steps to centralize the administration of finance and economy, and to control prices in our market.

Both at, and after the conference, Comrade Chen Yun pointed out the state had enough grain and cloth on hand and this was a major means for it to stabilize the market and control prices. Having grain in our hands, we were able to stabilize our urban areas; and with cloth in our hands, we were able to stabilize our rural areas, thus preventing capitalist speculators from taking advantage of the situation to cause problems. The key areas for the work of stabilizing the market and controlling prices were our large cities, particularly Shanghai, a city where the capitalists had the greatest strength and which was the old haunt of the speculators. This meant that as vast areas were liberated, the focal point of our economic work had to be moved to cities and the urban areas had to lead the rural areas. In the nearly 10 months afterward, Comrade Chen Yun worked day and night to personally direct this "battle," in which the major measures were: The state centralized in its hands the issuance of currency, the administration of financial revenue and expenditure, and the arrangement of the inflow and outflow of grain. At the same time, it strengthened the work of levying grain for public use in order to have a large amount of grain in its hands; collected materials and goods to control the supplies of coal, cloth, and salt; strengthened the work of tax collection; issued government bonds; absorbed idle funds in the society in order to effect a deflation; developed supply and marketing in order to restore the production in our factories and the circulation of commodities; grasped the purchases of agricultural and sideline products to satisfy the demand in our market and increase the income of our peasants; and streamlined our government organizations and reduced redundant personnel in order to reduce financial expenditure.

From April 1949 to February 1950 there were four wide fluctuations in the prices of goods, but because we adopted correct policies and vigorous measures, we always held the initiative; thus, during each period of wide fluctuation, we were able to defeat the attack of speculative capital in a relatively short time, control the prices within certain ranges, and avoid galloping inflation. Of the four wide fluctuations of prices of goods, that in November 1949 was most serious. At the time, a daily price hike of 20 to 30 percent for grain, cotton yarn, metal hardware, and chemical products began in Shanghai and spread to other large cities, and speculative activities ran rampant. At that time, Comrade Chen Yun was personally in charge of the work. He transferred and amassed grain, cotton yarn, and other major materials and goods from all over the country, made careful arrangements and full preparations for unified actions in all large cities to sell these materials and goods when the market peaked and thus dealt a crushing blow to the speculative capital that pushed the prices up, thoroughly defeating it in a few days. This enabled us to retain all the initiative in our hands after that.

Though there was another price hike of 100 percent during the Spring Festival in February 1950, by March that year we had entirely stabilized the prices of goods in the market all over our country. This showed that we had achieved victory in the first major "battle" on our economic front and had overcome the major difficulties at that time. Ever after that, we thoroughly smashed the adventurist speculative capital there and quickly eliminated the galloping inflation left over by the KMT reactionaries. For example, in March 1950 our wholesale price index was 100; by December 1950, it dropped to 85; in December 1951, it was 92.4; and in December 1952, it was 92.6. We could not help but regard it as a miracle to have thoroughly stabilized such a perilous market situation in less than 1 year. Our statistics showed that in Shanghai, a representative area for the entire country, the wholesale price index in February 1950 was only 20 times that of June 1949, when the country was initially liberated. This increase was much smaller than the increase in the volume of currency issued. At that time, this filled even representatives of the bourgeoisie with admiration. This victory began a radical turn for the better to our country's financial and economic situation. Comrade Mao Zedong highly praised this victory and pointed out that its significance was no smaller than that of the Huai-Hai Campaign.

Stabilizing the market and controlling prices were carried out simultaneously with implementing centralization of the administration of the whole country's finance and economy. As far back as the winter of 1949, the CPC Central Committee decided on the principle of centralizing the administration of finance and economy of the entire country. At that time, the currency was unified in the areas inside the Shanhaiguan pass and the transference and exchange of money, communications, and transportation were unblocked throughout our country. This provided conditions necessary to implement the basic centralized administration of finance, collection of taxes, the levying of grain for public use, and trade and management of enterprises. At that time, Comrade Chen Yun pointed out that implementing centralization would cause localities some difficulties, but the difficulties were small and would result in little harm. However, if we did not centralize the administration, we would meet great difficulties that would create great harm. He proposed that we "should adhere to the principle of putting a larger public sector before a smaller public sector in our management" and that "in order to make progress on a backward and poor economic foundation, we must do our best to amass material and financial resources for centralized utilization. He reminded all the comrades who were engaged in financial and economic work about this and told them that they had to heighten their consciousness, foster the idea of taking the whole situation into account, and prevent one-sidedness and departmentalism.

In March 1950 the Government Administration Council of the central People's Government made a decision on centralizing the financial and economic work of the entire country. This decision was drafted by Comrade Chen Yun and is the article entitled "Centralize Financial and Economic Work" which is included in the book. After implementing this decision, the state's financial revenue rose sharply (the whole year's revenue was 31.7 percent more than estimated) and the expenditure was relatively low. Moreover, all the state's revenue was collected into the central exchequer. In April 1950 a new situation of an approximate balance between the financial revenue and expenditure of the whole country emerged. Because of the formulation of a correct principle of unifying major things and giving a free hand to the administration of minor things and centralizing major things and decentralizing minor things, and because we made a clear distinction between the responsibilities and powers of the central and local authorities, while we quickly and smoothly implemented the centralized administration of the financial and economic work of the whole country, we did not impede the initiative of organizations at lower levels.

Stabilizing the prices of goods was undoubtedly a very good achievement and was beneficial to both the state and the urban and rural people. However, because the "brake" was operated too suddenly, there was a temporary phenomenon of "deflation" in our economy. Beginning from April 1950, currency circulation slowed down greatly, commodities sales decreased sharply and bank deposits increased greatly. Under this situation, there emerged a stagnation in the sales of commodities not only in our large cities but also in our medium-sized and small cities. This caused our factories to suspend production, shops to close down, and unemployment to rise. By May the number of unemployed totaled more than 1.1 million throughout the country. In late May that year, Comrade Chen Yun proposed five measures to overcome the difficulties in our industry and commerce. In early June, he presented the measure of readjusting the relations between the public and private sectors and consolidating the work of tax collection and decided to adopt the methods of giving orders for processing and production of goods to private factories so as to roughly include the production and sales of these factories into the orbit of our plans and enable them to free themselves from the threat of closing down.

Under the situation of the state-run commercial sector expanding its wholesale business in the market, necessary regulations were made on the price policies for the private commercial sector, on the division of labor in purchasing agricultural and sideline products between state-run and private commercial sectors, and on the import and export trade of the private commercial sector. This made the private commercial sector, under the guidance of the state-run economic sector and the policies of the state, develop the exchange of goods between rural and urban areas and promote agricultural and sideline production. It also allowed the private commercial sector to earn decent profits. At the same time, Comrade Chen Yun suggested streamlining state organizations and reducing government administrative and military expenditures in order to increase investment in our industry.

In June 1950, just at the time when our country's economic situation was improving day by day, U.S. imperialists publicly occupied our country's Taiwan Province while carrying out an armed intervention in Korea. In October that year, U.S. aggressor troops occupied Korea's Pyongyang and then marched toward the border of China. This seriously threatened our country's security. Inspired by patriotism, people of all nationalities and social strata in our country launched a dynamic campaign to resist U.S. troops, aiding Korea and defending homeland and motherland. They formed troops of volunteers who crossed the Yalu Jiang in late October to fight shoulder to shoulder with the Korean People's Army. Under that new situation, our country had to adopt a new principle for its financial and economic work, namely, the policy that all sectors had to serve the war, that we had first to use our financial and material resources to guarantee victory, next to maintain the stability in our domestic market, and last to ensure the expenditure for various kinds of economic and cultural construction. At that time, that principle was called simultaneously carrying out resistance, stabilization, and construction. In 1951 the military expenditure rose to more than 5.26 million yuan, an increase of 87.9 percent over that in 1950. In 1952 it was over 500 million yuan more than that in 1951.

Why had we to place stabilizing our market second and economic and cultural construction expenditure third? This was because price stabilization was not only vital to the interests of the masses of people, but also embodied the balance between our financial revenue and expenditure, our credit balance, and our balance between the supply and demand of materials and goods. The balance in these three aspects was a basic content of the requirement for maintaining appropriate proportional relations in our planned economy. Only by maintaining proportional relationships can we attain a great speed of development. Comrade Chen Yun has time and again stressed and repeatedly expounded on this idea.

During the 3 years of the war to resist U.S. aggression and aid Korea, we resolutely implemented the principle of simultaneously carrying out resistance, stabilization, and construction. This not only ensured the victory of the war and stability in our market, but also enabled our industrial and agricultural production, communications, transportation and exchange of materials and goods to be restored and developed and thus strengthened our state-run economic sector. Compared with 1949, in 1952 our country's national income rose by 70 percent, our gross industrial and agricultural output value rose by 77.5 percent, our modern industrial output value rose by 179 percent and our agriculture rose by 48.5 percent. The proportion of the output value of our modern industry, a major mark for the level of economic development of a country, in our gross industrial and agricultural output value rose from 17 percent to 26.7 percent. The proportion of the output value of our state-run, cooperative-run, and joint state and private industrial sectors in the gross industrial output value rose from 36.7 percent to 61 percent and that of the private capitalist industrial sector dropped to 39 percent.

The output of major industrial and agricultural products rose sharply: The output of steel rose from 158,000 to 1.35 million metric tons. That of coal rose from 32 million to 66 million metric tons. That of electricity rose from 4.3 billion to 7.3 billion kilowatt hours. That of machine tools rose from 1,600 to 13,700. That of cotton cloth rose from 1.89 billion to 3.83 billion meters. That of sugar rose from 200,000 to 450,000 metric tons. That of grain rose from 226 billion jin to 328 billion jin. That of cotton rose from 890 million to 2.6 billion jin. That of oil-bearing crops rose from 5.13 billion to 8.39 billion jin.

At the same time, the volume of cargo transport in the whole country rose from 160 million to 315 million metric tons. The total amount of retail sales of commodities in the society rose from 17.1 billion yuan in 1950 to 27.7 billion yuan in 1952. The living standard of our urban and rural people greatly improved. In 1952, investment in capital construction in the whole country totaled 4.36 billion yuan. As our national economy recovered in an all-round manner and to some extent developed, and as we completed the agrarian reform and the rational readjustment of our industry and commerce, we were thus able to carry out construction in a planned manner.

In 1953 our country began to construct its First 5-Year Plan under the condition whereby the war to resist U.S. aggression and aid Korea had not yet ended. As far back as in the latter half of 1950, when the prices of goods had already been stabilized and our economic work had already been centralized, Comrade Chen Yun proposed some tentative ideas on the outline of the construction of the 5-year plan. He first considered the construction of water conservation facilities and railways and the construction of iron and steel, machine building, and chemical fertilizer plants. It was only the outbreak of the war to resist U.S. aggression and aid Korea that made it impossible for these tentative ideas to be substantiated. In the latter half of 1952, agrarian reform had already been mainly completed throughout the country, the movements against the "three evils" and the "five evils" had already been roughly finished, there had already been prospects of victory in the war to resist U.S. aggression and aid Korea, the goals of striking a balance between financial revenue and expenditure and stabilizing the prices of goods had already been attained, and in particular, we had scored tremendously great achievements in the work to restore our national economy; therefore, the conditions for formulating long-term construction plans were already mature.

Under these conditions, in accordance with the decision of the CPC Central Committee, Comrade Chen Yun switched the focus of his work onto "formulating construction plans, and preparing cadres to meet the arrival of the period of large-scale economic construction." Together with Comrades Zhou Enlai and Li Fuchun, he presided over the work of formulating the First 5-Year Plan. Quite a few of the 156 major projects that the Soviet Union helped us to design and build were conscientiously examined and discussed by the technological workers and relevant cadres who were convened by Comrade Chen Yun personally. After discussion, these people decided the concrete plans for these projects. In many meetings, he time and again clearly pointed out the weak points in our country in carrying out large-scale construction, such as the weak geological work force, the backwardness in its educational work, the shortage of technological personnel and the totally inadequate construction and installation work force.

In June 1954, in his several points of explanation to the CPC Central Committee on the First 5-Year Plan, Comrade Chen Yun put forth the problem of how we were to satisfactorily do the work of planning in light of the reality in our country. He pointed out that the weakest link in the whole plan was agricultural production and that even if the plan for agricultural production were fulfilled, we still would not have enough grain and therefore had to pay adequate attention to this problem.

Concerning our heavy industrial sector, he pointed out that it would be difficult to change in a short time the backwardness in our petroleum industry and the shortage of coal and electricity. Comrade Chen Yun said: "We must observe the law of developing in a proportionate manner, but for different countries and furthermore, for a country in different periods, the concrete proportion between various sectors of production will not be the same... The only method is to see whether we have struck a balance. If the proportion is appropriate, there will be a balance; and if there is a balance, the proportion is, in the main, appropriate." "Because our country is backward and wants to catch up in a short time, the balance in our plans will be a tense balance... It is impossible to have a balance with a surplus of everything or to achieve a high growth rate with all sectors developing at the same speed. However, it should by no means be so tense as to break the balance." At that time, he also pointed out we had to act within the limits of our capacity and be very careful in raising the purchase prices of agricultural products, reducing the prices of industrial products, and increasing wages.

In a country with such a large population as ours and with a backward economy, it is impossible to avoid difficulties in carrying out large-scale construction. What then was the most important problem?

In light of the reality in our country at that time and in accordance with the experiences that we had gained since the founding of the PRC, Comrade Chen Yun held that the most important problem was the supply of grain. If we failed to satisfactorily resolve the problem relating to grain, it would be impossible for us to guarantee the people's livelihood, stabilize the prices of goods in our market and our social order, or ensure the fulfillment of our plans. Our country's urban population was 61.69 million people in 1950, but in 1951, it rose to 66.36 million people; in 1952, it further rose to 71.63 million people; and by 1953, it reached 78.26 million, an increase of 16.57 million people over that in 1950. As a result, the demand for grain rose sharply. This was one aspect of the problem. On the other hand, our peasants consumed more grain when their livelihood improved and thus greatly reduced the supply of commodity grain. Moreover, a large part of the grain was in the hands of private businessmen and the grain market was in anarchy. This provided speculators among the businessmen with an opportunity to make trouble. As a result, it was difficult for the state to fulfill its purchase plans while its grain sales greatly exceeded the planned targets. This gave rise to a serious imbalance between supply and demand. In 1952 the state purchased a total of 66.5 billion jin of grain but received only 56.3 billion jin after deducting the grain that it sold back to peasants. This amount of grain fell far short of the demand of the increased urban population and the demand of our industrial production. This situation did not emerge accidentally. It reflected the contradiction between the state's large scale construction and the small backward peasant economy, between the leadership of the state-run economic sector and the opposition to restrictions on the part of our peasants and the bourgeoisie, and between socialist and capitalist factors. Therefore, if we had not found a method to radically solve the problem related to our grain supply, there would have been a chaotic situation with an even more serious dislocation between grain supply and demand and this would inevitably have caused fluctuation in the prices of all other goods, had a repercussion on the whole situation, and hindered the fulfillment of the entire plan for our socialist construction.

In order to radically solve this contradiction, maintain a long-term balance between grain supply and demand, guarantee stability of prices in our market, and ensure the smooth progress of our socialist economic construction, Comrade Chen Yun widely solicited the opinions of the people in all circles and repeatedly made thorough, careful, and systematic investigation and study.

He held that in order to resolve the problem related to grain supply and demand, we must satisfactorily handle the following four relationships: the relationship between the state and the peasants, that between the state and consumers, that between the state and private businessmen, and that between the state and localities and between localities. The most difficult problem to handle was the relationship between the state and the peasants, in particular, all the rural households with surplus grain to sell; and the second most difficult problem was the relationship between the state and consumers, particularly all urban residents and the rural households that lacked grain. He also held that everything would be easy if we satisfactorily handled our relationship with the peasants and that as long as we had purchased grain, it would be easy for us to distribute it. However, it was very difficult to handle our relationship with peasants satisfactorily. In a speech that he delivered at the national grain conference on 10 October 1953, after painstakingly analyzing the situation relating to grain in the whole country, he vividly said: "We are carrying two loads of explosive on both ends of a pole on our shoulder. At one end is a load of black powder and at another, a load of TNT. If we fail to get grain, there will be a fluctuation in the whole market and if we adopt the method of compulsory purchases, we will possibly meet objections from our peasants. We have to choose between these two alternatives, both of which are dangerous."

Before that speech, he repeatedly considered this problem, proposed eight schemes, compared one to another and measured each scheme's benefits and evils. Finally, with great willpower, he made up his mind to suggest to the CPC Central Committee: We had to adopt a method of thorough solution, that was: to impose a state purchase of grain on peasants and a grain supply ration on urban consumers. In short, this meant a planned purchase and supply of grain would be imposed. This major policy decision immediately won vigorous support from Comrades Zhou Enlai and Deng Xiaoping and was approved by Comrade Mao Zedong. Then the CPC Central Committee made a formal decision and promulgated the decision for implementation. The implementation of this major policy and the imposition of a state monopoly over the purchases and sales of cotton, cotton cloth, and edible oil constituted a vigorous guarantee for the stabilization of the prices of goods in our market and the smooth fulfillment of the First 5-Year Plan. Therefore, it was no exaggeration to call the imposition of a state monopoly over the purchases and sales of grain a second major "battle" in our economic field.

Through propaganda, education, and widespread practice, the method of purchasing and supplying grain, cotton, cotton cloth, and edible oil in a planned manner was soon carried out universally in our country. The practice of "three fixes", namely, fixing the amount of output, purchases, and sales, was implemented in our rural areas; and the rough method was replaced by a more meticulous one of supplying grain in fixed ration in our urban areas and the work relating to grain continued to improve there. However, under the conditions of the coexistence of a variety of different economic factors, particularly, under the conditions whereby small peasant economy occupied a superior position, it was not easy to resolve once and for all the contradictions between socialist and capitalist factors and between planning and spontaneity in our economy.

Imposing a state monopoly on the purchases and sales of grain was in conflict with the interests of a fairly large number of grain producers and consumers, as well as with tradition. In addition, in 1954, the state purchased too much grain; and landlords, rich peasants, and urban speculator businessmen made trouble. As a result, between the spring and summer of 1955, there was another shortage of grain. At that time, nearly "everyone is talking about grain and every family is talking about the monopoly over grain sales." There were some people who did not lack grain, but made a hue and cry about the grain shortage. Some people who nursed a grievance against the party began to take the opportunity to attack the party and the People's Government. A small number of mouthpieces of landlords and rich peasants even went so far as to fabricate facts and spread false views in an attempt to end the policy of imposing a state monopoly over the purchases and sales of grain.

There were also some party and government cadres who did not understand the true situation and who wavered in their attitude toward this policy. Comrade Chen Yun personally sent people to make on-the-spot investigation; from an all-round analysis and study, he held that the policy related to the monopoly of grain purchases and sales must be adhered to and could not be changed, and that any view advocating suspension of the monopoly was wrong. In his speech at the second session of the first NPC, he made a faithful analysis of the situation of grain supply and sales in the whole country, criticized erroneous viewpoints, and exposed the schemes of those who had an axe to grind. At the same time, he proposed some concrete methods for persisting in imposing the monopoly but improving its methods. After a period of time, we calmed that tumult related to grain, stabilized the market and the social order, and made it possible to continue implementing the policy on conducting a state monopoly over the purchases and sales of grain.

Whether from the viewpoint of operating a socialist planned economy or from that of guaranteeing gradual improvement of our people's living standard, it was completely necessary to conduct a state monopoly over the purchases and sales of grain and other major agricultural products and the products made from them. Moreover, we had to persist in conducting this monopoly for a long time. Our monopoly over the purchases and sales of grain differed in nature from the system of compulsory collection of surplus grain during the initial period of the founding of the USSR, and it also differed diametrically in nature from the grain-rationing system imposed by the Japanese invaders during the period of war of resistance against Japan. Our policy was not aimed at making our people suffer hunger but at giving them sufficient food. Our state monopoly over the purchases and sales of grain was a necessary measure for operating a planned economy under the conditions of agriculture being relatively backward.

By the way, we should like to mention that while adhering to the policy of conducting a state monopoly over the purchases and sales of grain, in February 1955 the State Council decided to issue new renminbi and withdraw the old renminbi currency in circulation at that time. In implementing this measure, we referred to our successive experiences in replacing currencies in the Shaanxi-Gansu-Ningxia border area during the war of resistance against Japan (for example, the experience in allowing both new and old currency to be in circulation simultaneously for a certain period of time and fixing the same rate of exchange between the two currencies for both individuals and units). We also took into consideration the lessons drawn from some inappropriate practices during the several currency reforms in the Soviet Union (for example, stipulating a lower exchange rate for sums of old currency exceeding a certain amount and fixing different exchange rates for state-run enterprises and cooperatives and collective farms); therefore, we stipulated a unified exchange rate between the new and old currencies and allowed both old and new currencies to circulate on an equal basis in our market for a certain period of time. All individuals from any social stratum and all units of different natures were allowed to exchange the old currency in their hands for new currency by a certain deadline, and the old currencies were not to be reissued after withdrawal. These measures won the support of the people all over our country and heightened the prestige and stability of renminbi. Undoubtedly this was a major event in our economic life and a success in our country's financial work at that time.

The state monopoly over the purchases and sales of grain and other major agricultural products played an important role in the socialist transformation of the private industry and commerce and the individual agriculture. The main reason was that it severed economic relations between capitalists and peasants and put capitalists in an isolated position in the economic field. As a result, it was hard for them to carry out speculative activities.

The implementation of the policy concerning a state monopoly over the purchases and sales of major agricultural products and the victory in this implementation provided us with better conditions to accelerate the socialist transformation of the capitalist industry and commerce and of the individual agriculture and handicraft undertakings. We all know that collectivization of agriculture was a major issue which at that time was the responsibility of Comrade Mao Zedong and that Comrade Chen Yun was directly in charge of the transformation of private industry and commerce. Beginning from 1954, Comrade Chen Yun focused his major energy on this work.

Here, we should like to review the situation of the coexistence of five kinds of economic factors after the founding of the PRC and the process of the socialist transformation. In 1949 the state-run industrial sector contributed 34.7 percent of our gross industrial output value, the private capitalist industrial sector contributed 55.8 percent of it, and the elementary and advanced state capitalist industrial sectors contributed 9.5 percent. In our commercial sector, according to the statistics for 1950, of the total commodities retail sales for the whole country, 14.9 percent were conducted by the state, 85 percent were conducted by private enterprises, and only 0.1 percent were conducted by state capitalist and cooperative enterprises. In 1950, only 10.7 percent of rural households in our country had joined agricultural production mutual aid teams and only 0.5 percent of handicraftsmen had joined cooperatives. From the above, we can see that for a certain length of time, it was imperative to allow five kinds of economic factors to coexist, to a certain extent utilizing the initiative of urban and rural capitalist sectors and giving play to the role of the individual economic sector. At the same time, it was entirely necessary to carry out systematic socialist transformation in different forms in light of the differences between different sectors, namely, we adopted the form of state capitalism to transform private capitalist industry and commerce and the form of cooperative transformation for our individual agriculture and handicraft undertakings. It was entirely necessary to develop, in a planned manner, this transformation from an elementary form into an advanced form and finally complete the socialist transformation. This conformed to the nature of our state and the desire of the people all over the country.

During the 3 years of economic restoration, we had already begun the work to transform our national economy and gradually strengthened the leading position of the socialist economic sector in our national economy. In this period, both the public and private industrial sectors developed, but the state-run industrial sector developed much more quickly and a part of the private industrial sector started to process goods at the orders of the state or was switched into joint state-private enterprises. In 1952 the proportion of the output value of the state-run, cooperative-run, and joint state-private industrial sectors in our gross output value rose to 61 percent. At the same time, the turnover of wholesale trade by our state- and cooperative-run commerce accounted for 63 percent of the total wholesale turnover and that of retail trade in that commercial sector accounted for 34 percent of total retail turnover. However, as private industry and commerce was still fairly strong at that time and was still to some extent linked with individual agriculture and handicraft undertakings, the state-run economic sector still failed to take all the initiative into its hands. In 1952, at Comrade Mao Zedong's proposal, the CPC Central Committee put forth the general line for the transition period and required gradual realization of the socialist industrialization of our country and the gradual realization of the socialist transformation of our agriculture, handicraft undertaking, and capitalist industry and commerce. This general line was presented in a timely manner, was necessary, and reflected historical necessity.

Since the beginning of the construction of the First 5-Year Plan, because of the great increase in the demand in various sectors, the state's orders for processing goods by private industry also increased day by day. Some private factories that met difficulties in their production, supply, and marketing applied to be turned into joint state-private factories. In 1952, various forms of state capitalism were carried out in 61 percent of our private capitalist industry and only 39 percent of the private factories carried out their production and marketing on their own. By 1955, 91 percent of the gross output of private industry was produced by enterprises in which various forms of state capitalism was implemented and only 9 percent was produced by private factories that carried out production and marketing on their own. The state capitalist industrial sector carried out its production according to contracts and state plans in accordance with the state requirements, and its products were purchased and dominated by the state. Therefore, to a very great extent, its production and management activities were governed by state plans.

The work to transform private industry should not only coordinate with the transformation of individual agriculture and handicraft undertaking, but should also be combined with the reorganization of our economic structure. What the KMT reactionaries left us was an awful mess of semifeudal and semicolonial economy, the structure of which was very irrational. While transforming the private ownership of means of production, we had to reorganize the structure of this economy. This reorganization had to enable the trades that were needed by society and that failed to produce sufficient products, to develop. It had to control the trade that was needed by society or that had a production capacity greater than necessary and even eliminate some factories through selection. This was a very complicated task. Comrade Chen Yun pointed out that in readjusting private industry production, we must implement, under the prerequisite of ensuring the continuous and steady increase of the socialist factor, the principle of making over-all planning and of enabling the state-run, cooperative-run, joint state-private, and private industries each to play its role and make rational arrangements. In order to include all four kinds of industry into the orbit of the state plans, we had to satisfactorily handle the contradictions between the public and the private sectors, between the advanced and the backward, and between different areas in distributing raw materials and production tasks. Concerning the concrete measures, we had to carry out socialist transformation trade by trade through the methods of distributing raw materials and production tasks among various trades, calculating the capacity of equipment and arranging production plans. By so doing, we closely combined the transformation of our ownership with the reorganization of our economic structure.

The socialist transformation of our private commerce was more complicated than that of our private industry. According to the statistics for 1950, there were 4.02 million private commercial units throughout the country with a work force of 6.62 million people. Of these private commercial units, some were pure wholesalers or retailers, others mainly did wholesale business while doing some supplementary retail business, and still others mainly did retail business while doing some supplementary wholesale business. Some of the private commercial enterprises were large and employed a large work force, others were small shops with few employees, and still others were an extremely large number of household commercial firms or hawkers, which differed in a complicated way from one another, were small and scattered, were spread all over our urban and rural areas, and played their role in satisfying people's demand for articles of daily use. In transforming these units, we had to adopt different policies, steps, and methods. In the summer of 1954, Comrade Chen Yun pointed out that in transforming private commerce, we had to adopt the method of making progress while making arrangements and arranging another batch after one batch had made progress.

During this process, it was more difficult to transform retailers than wholesalers, because the former were larger in number, and were widely linked with the spontaneous strength of the petite bourgeoisie. Therefore, in order to gradually bring them into the orbit of state capitalism, we had to meticulously organize them and carry out proper struggle. Moreover, even if they did undergo transformation, we still had to struggle constantly to improve their administration and management, rationally divide up supply networks, prevent them from passing forged goods for genuine ones and supervise their observation of regulations. We had to do an even large amount of work to educate, train, and transform the minds of the employees in these units. In transforming private retailers, we had mainly to adopt the forms of assigning them as agents of sales or allocating goods to them for sale. We had to start from transforming the private retailers of grain and edible oil and gradually expand the scope of transformation. Comrade Chen Yun pointed out that a sharp decrease in the turnover of private retailers would create difficulties in the livelihood of many small shopowners and hawkers, as well as cause inconvenience to our residents. To avoid the emergence of this situation, in addition to appropriately allocating goods to these units, our state-run and cooperative commerce had to expand their business in some aspects while reducing it in others or refrain from both expansion and reduction for a certain length of time. While expanding, we had to make appropriate arrangements for private businessmen. In addition, he pointed out that in order to transform private commerce, we had to centralize the leadership over the market in the whole country and unify the pace of the commercial work throughout the country. Under the centralized leadership of the central commercial ministry, there had to be a division of labor between the state-run commerce and the commerce of supply and marketing cooperative in managing our urban and rural market. These commerce sectors had to always pay attention to making these two sectors support each other and correctly handle the relationships between domestic sales and commodities export.

In the winter of 1955, as the cooperative transformation of agriculture came to a high tide, a new situation emerged in the socialist transformation of our country's private industry and commerce. In many areas, all units in a whole trade were turned into joint state-private enterprises. In light of this situation, Comrade Chen Yun pointed out: "The problem now is to make a step forward, "For this, he presented six opinions of principle on the question of how we were to make progress in a planned and systematic manner. These opinions were: to make overall arrangement on a national scale on the production of all trades; to carry out big or small internal reorganization in all trades; to turn whole trades into joint state-private ones; to popularize the method of paying fixed interest; to organize specialized companies; to formulate overall plans; and to strengthen leadership.

As we all know, not long after, i.e., in the first half of 1956, we had already basically fulfilled the task of socialist transformation of our private industrial and commercial enterprises, turned all capitalist industries and commerce into joint state-private ones, and also basically organized our hawkers. In 1956 the state-run industrial sector contributed 67.5 percent of our gross industrial output value, joint state-private industrial sector contributed 32.5 percent of it, and there was not much left for the private industrial sector which contributed less than 0.1 percent of it. In wholesale commerce, the proportion of state-run commercial sector and the supply and marketing cooperative enterprises and joint state-private commercial sector accounted for 99.9 percent and that of private wholesale commerce accounted for 0.1 percent only. In the total retail turnover of our social products, the proportion of state-run commercial sector, the supply and marketing cooperative enterprises, and joint state-private commercial sector accounted for 92.4 percent, that of private retail commerce accounted for 7.6 percent only. At the same time, 96.3 percent of rural households in our country had joined agricultural cooperatives and 87.8 percent of them had joined advanced agricultural cooperatives.

The cooperative transformation of our individual handicraft undertaking was also basically achieved. The collective handicraft undertaking was already contributing 91.7 percent of our gross output value of handicraft undertaking, while the individual handicraft undertaking contributed only 8.3 percent of it. A fundamental change thus occurred in the structure of our country's national income: The proportion of the state-run economic sector accounted for 32.2 percent, that of the collective economic sector accounted for 53.4 percent, that of the joint state-private economic sector accounted for 7.3 percent, and that of the individual economic sector accounted for 7.1 percent only. This was undoubtedly a big victory of our party's correct policies.

However, precisely as Comrade Chen Yun pointed out at that time, the quite rapid turning of private industrial and commercial enterprises all over our country into joint state-private ones was only the beginning. We had yet to accomplish the work which included checking the capital and business accounting of our enterprises, arranging our production, reorganizing our enterprises, making arrangement for the placement of our whole staff, organizing our specialized companies, and so forth. Moreover, turning quite a few small household commercial firms and hawkers into joint state-private ones in a similar way was not appropriate; we had to continue to let them adopt the form of being assigned as agents of sales or being allocated goods for sale. He also pointed out that for a period of time, the original methods of production and management must be preserved in order to avoid the malpractice of giving up previous good practice.

In many of the speeches that he delivered afterward, Comrade Chen Yun also pointed out the defects and malpractices in our work such as blind combination of factories and shops, over-concentration of our production and management, and quite a few other problems that should be solved. After he concurrently held the post of Minister of Commerce, he stressed many times that people in our socialist commercial sector should firmly foster the viewpoints of serving our production, masses of people, and politics. He demanded that all trades and enterprises and their staff and workers make their own work promote the development of industrial and agricultural production and satisfy as much as possible the demands of our people's livelihood in the urban and rural areas and of our production. He held that if they do a good job in these areas, it meant that they would also fulfill their political duty in strengthening our socialist system.

The achievement in transforming our country's non-socialist economy is a pioneering work in the history of socialist revolution. Marx conceived the method of carrying out redemption of the bourgeoisie after success was won in revolution and Lenin advanced the tentative idea of conducting transition from state capitalism to socialism. Our party has creatively combined these tentative ideas with our country's concrete situation and has opened up a path of socialist transformation suited to China's distinctive features and enabling its realization. In the later stage of the process of conducting our transformation, we committed errors such as demanding too quick a transformation of our individual economy, doing our work excessively roughly, and pursuing uniformity too rapidly; after the transformation of capitalist economy was basically completed, we quite inappropriately employed and dealt with some of the original industrialists and businessmen. However, in a big country with a population of several hundred million, it took only 6-7 years to comparatively smoothly carry out such a complicated, difficult, and thorough social transformation; this was indeed a great historical victory. We eliminated the system of exploitation and transformed the members of the exploiting class into laborers who support themselves by their own labor; at the same time, we avoided possible bad consequences such as reduction of our industrial and agricultural output, the shrivelling of our commerce, unemployment, and so forth.

As a result, we enabled our agricultural production to increase by 79 percent, the output value of the previous private industries to increase by more than 100 percent, and the retail sales volume of the previous private commerce to increase by around 20 percent. We politically strengthened the alliance of our workers and peasants. We handled the contradictions between the working class and the national bourgeoisie in the same way that we handled contradictions among the people and attained our goals of transforming the bourgeois elements and of utilizing their knowledge and skill. We could say that this experience is of universal significance.

The great victory of the three big "battles" of stabilizing of our prices and unifying our economy, conducting state monopoly for purchase and marketing, and carrying out socialist transformation of private ownership of means of production, and in addition, the achievement in the construction and planning of the First 5-Year Plan and the establishment of an initial foundation for socialist industrialization had already laid a foundation for our country's socialism. Afterward, although the economic construction of our country suffered a great setback and also underwent such a serious calamity as that of "the Great Proletarian Cultural Revolution," our great party and socialist country were still able to continuously maintain stability. The reasons why our great party and socialist country could maintain stability were because we had in addition to a large number of strong fighters in our party who adhered to dictatorship of the proletariat, Marxism-Leninism-Mao Zedong Thought; the firm foundation established in the above-mentioned period of time after the founding of our People's Republic has undoubtedly played a major role. Young men who joined the party and took part in revolutionary work during that period have now already become the backbone forces in our various undertakings. The successful experiences in our struggles during that time do not lose their significance as time goes on.

We should also like to mention here that Comrade Chen Yun's speech entitled "The Leaders at High Levels Must Heighten Their Awareness," which he delivered at the Fourth Plenary Session of the Seventh CPC Central Committee in February 1954 is a study material of particularly great significance. Now, the work of our party rectification is developing gradually, our comrades and in particular, all comrades who hold leading posts, should be inspired and educated by his speech, should really and continuously heighten their own revolutionary awareness and vigilance and the party spirit, and ensure a high degree of ideological and political unity in our party.

After Comrade Chen Yun reviewed the manuscripts of this book, he particularly urged us again and again that at the time when we introduced this book, we must explain: When he was in charge of the Financial and Economic Committee, except for the necessary investigation and study he made, nearly all policy decisions and particularly major policy decisions were made through collective discussion. Comrade Bo Yibo played an important role in the concrete work. Of course, quite a few major policy decisions were made in accordance with the line, principles, and policies defined by the CPC Central Committee headed by Comrade Mao Zedong or after CPC Central Committee approval. He emphatically pointed out that when comrades read the manuscripts of this book and believed there was merit in work in that period, they should not ascribe all the credit to him alone.

HUANG HUA GREETES ACUPUNCTURE SYMPOSIUM DELEGATES

OW071208 Beijing XINHUA in English 1151 GMT 7 Aug 84

[Text] Beijing, August 7 (XINHUA) -- The second national acupuncture symposium opened here today, attended by more than 800 specialists and scholars from China and throughout the world. Dr H. Nakajima, director of the Western Pacific region of the World Health Organization, and other WHO officials also attended.

Huang Hua, vice-chairman of the Standing Committee of the National People's Congress personally welcomed 30 representatives of the delegates, both Chinese and foreign.

He told them he hoped they would work hard to promote acupuncture, which was effective, scientific and humane.

The agenda of the symposium includes:

Clinical application and research on acupuncture treatment for common diseases and certain acute diseases; Research on meridian theory, acupuncture and moxibustion; clinical application and research on needling technique and moxibustion; research on the method and clinical application of acupuncture anesthesia.

During the symposium, a small exhibition of acupuncture and acupuncture anesthetic instruments and literature will be held. The symposium has received more than 600 papers by Chinese scholars and more than 100 from abroad. Acupuncture and acupuncture anesthesia have been applied and studied in more than 100 countries and regions. In 1980, the World Health Organization recommended it for treating 43 diseases.

Tan Yunhe, vice minister of public health, said at the opening ceremony that since the first acupuncture symposium in 1979, Chinese experts had made new advances in both clinical application and basic theory studies. China, he said, was the birthplace of acupuncture, and today it had become an important part of world medicine. In future, China would further promote and expand international exchanges. It would support and help promote the application, research and publicity of acupuncture. He was convinced that international cooperation in this field would further advance world medical science.

Addressing the opening, Dr Nakajima said that acupuncture, with thousands of years of history, had become an effective and a rising new medical science in the world. It had been used successfully in cases which had been difficult to treat in the past with existing Western medical techniques.

Huang Hua and Lu Zhijun, chairman of the Chinese Acupuncture Society, also spoke at the opening ceremony.

PENG ZHEN MEETS WITH TIANJIN LEADERS 2 JUL

SK070213 Tianjin TIANJIN RIBAO in Chinese 9 Jul 84 p 1

[Excerpts] In midsummer July in the courtyard of the municipal People's Congress Standing Committee office, Chinese roses were in full bloom and ironwood trees waved in a gentle breeze.

At 1700 on 2 July, a wagon drove in and stopped in front of the office. All smiles, Chairman Peng Zhen stepped off the wagon. Chen Weida, first secretary of the Tianjin Municipal CPC Committee and Zhang Zaiwang, chairman of the municipal People's Congress Standing Committee, stepped forward to greet him. According to Mayor Li Ruihuan, who accompanied Peng Zhen, Comrade Peng Zhen had just visited the China-Otsuka Pharmaceutical Corporation and traveled tens of kilometers to come here.

Accompanied by municipal leading comrades, 82-year-old Comrade Peng Zhen walked with vigorous strides up to the second floor and warmly shook hands with the office cadres of the municipal People's Congress awaiting there. Laughter reverberated in the Great Hall. Chairman Peng Zhen walked into the conference room of the municipal People's Congress Standing Committee. On the white wall hung the dignified national emblem which was flanked by dark purple boards inscribed with glittering "Serve the People" and "Seek Truth From Facts."

Comrade Chen Weida asked Comrade Peng Zhen to speak. Pointing at the board inscribed with "Seek Truth from Facts," Chairman Peng Zhen said: Let me say something about seeking truth from facts, which was the motto of the CPC Central Committee's party school in Yanan. At the expanded Standing Committee meeting of the Tianjin Municipal CPC Committee, I spoke on serving the people wholeheartedly. In the socialist construction period, we should at least try to be the first to bear hardships and the last to enjoy comforts. This means seeking truth from facts. To seek truth from facts means to uphold dialectical materialism and historical materialism and adhere to the Marxist ideological line. After expounding on seeking truth from facts from a viewpoint of integrating theory with practice, he pointed out: The establishment and the performance of work of the standing committees of the people's congresses at and above the county level are also examples of seeking truth from facts. In June 1979 at the Second Session of the Fifth NPC, it was decided that standing committees be established in the people's congresses at and above the county level. As has been proved in practice, this decision was correct and conformed to the situation of the country and to the needs in building characteristically Chinese socialism. Ours is a vast country with a very large population. If the central authorities have everything under their administration, they cannot possibly carry out every field of work, let alone make it a success. Therefore, it is necessary to divide power, delegating some power from central authorities to local authorities. We should give full play to the initiative of the central and local authorities and, of course, of units and individuals.

Speaking on how local people's congress standing committees should carry out their work, Comrade Peng Zhen described it as "straw sandals need no last, the shape comes with the weaving." He said: Local people's congress standing committees should be bold in doing their work. Experiences should be summed up when a certain stage of work is completed. If they are correct, we should affirm them and carry them forward and, if they are wrong, we should correct them. We should also create the new to supplement what we have not done before. Some people say that people's congresses are rubber stamps. Let them say so. When people's congresses carry out their work, people would call them rubber stamps. Let them do so. Even if people's congresses do not perform their work and the people do not call them rubber stamps, they are still rubber stamps. The NPC is the highest organ of power of the country and Tianjin Municipal People's Congress is the Tianjin's local organ of power. We should assume our own responsibilities and rely on ourselves to do our work well.

Again and again, he urged the people present on the occasion: It is essential to listen to the people's opinions earnestly. Ideas come from the masses. We should go to the masses, hear the opinions of advanced workers, peasants and intellectuals who have done their work well and consult with them. We should also listen to opinions revealing dissatisfaction. We should listen to both positive and negative opinions. Only on this basis can we study problems and can the people's congress standing committees hold meetings to discuss work. Before we make a decision, we should consult with advanced people of various circles who really have knowledge and experience and who have done their work well. In this way, we will have ways and means.

At the end of the meeting, Chairman Peng Zhen encouraged the leading comrades of the municipal People's Congress who were present on occasion to go to the forefront of work, forge close ties with the masses, listen to their opinions, persistently put into effect the practice of coming from the masses and doing to the masses, assume the responsibility of local people's congress standing committees and serve as a backbone force of the NPC Standing Committee.

BAI DONGCAI ATTENDS JIANGXI TAX MEETING

OW041259 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 1 Aug 84

[Text] A Jiangxi provincial meeting on the second step in substituting tax payments for profit delivery was held in Nanchang 24-30 July. Ni Xiance, a Standing Committee member of the provincial party committee and vice governor of Jiangxi, attended and addressed the meeting. The provincial meeting conveyed to its participants the guidelines of the national meeting on the second step in substituting tax payment for profit delivery. The participants studied the important speeches made by the leading comrades of the CPC Central Committee and the State Council on taking the second step in substituting tax payments for profit delivery, recalled the first step taken by the province in substituting tax payments for profit delivery, and summed up experience. They also discussed the guiding principles, basic contents and methods of the second step in substituting tax payments for profit delivery, and arranged the provincial revenue work for the second half of this year.

During the meeting period, provincial leading comrades, including First Secretary Bai Dongcai and Secretary Xu Qin of the provincial party committee, were briefed on the proceedings of the meeting. They gave important instructions on how the province should take the second step in substituting tax payments for profit delivery. They explicitly pointed out: The second step in substituting tax payments for profit delivery, which will begin on 1 October, was approved by the NPC. We should resolutely take the second step in accordance with the State Council's plan. In the course of taking the second step, we must handle well the relationship between the substitution of tax payments for profit delivery and the system of economic responsibilities, bring into full play the initiative of all quarters, and strive to accomplish the objective of increasing provincial revenues by 200 million yuan this year.

The comrades present at the meeting pledged to implement resolutely the decisions made by the provincial party committee and the provincial government, ensure revenue increases while taking the second step in substituting tax payments for profit delivery, and make contributions to comprehensively developing Jiangxi's economy.

ZHONG PEIZHANG ADDRESSES SHANDONG JOURNALISTS

SK050447 Jinan Shandong Provincial Service in Mandarin 2300 GMT 4 Aug 84

[Excerpts] The All-China Journalists' Association and the Shandong Provincial Journalists' Association jointly sponsored a forum on 3 August in Jinan to discuss how newspapers and radio and TV programs should correctly conduct criticism. Attending the forum were more than 90 persons, including Zhong Peizhang, director of the Information Bureau of the Propaganda Department of the CPC Central Committee, and comrades of information units at the central level and in various provinces, municipalities, and autonomous regions. Li Changan, deputy secretary of the provincial CPC Committee, Zhang Zhi, deputy political commissar of the Jinan Military Region, and Jiang Chunyun, deputy secretary of the provincial CPC Committee and concurrently secretary of the Jinan City CPC Committee, attended the forum and warmly welcomed the comrades from press circles across the country. Comrade Li Changan spoke at the forum.

Zhong Peizhang, director of the Information Bureau of the Propaganda Department of the CPC Central Committee, delivered a report at the forum entitled "Strive To Restore and Carry Forward the Glorious Tradition of Conducting Criticism and Self-Criticism." He said: Conducting criticism and self-criticism is one of the three major work styles of our party as well as its glorious tradition. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has scored tremendous achievements in persistently conducting correct criticism and self-criticism, vigorously bringing order out of chaos, and implementing the party's ideological line of seeking truth from facts and various policies.

At present, in order to fundamentally improve the party style and standard of social conduct, reform the outmoded regulations and methods no longer suitable for the new situations and tasks, and build a high degree of democracy and civilization, we should make even greater efforts to utilize the weapon of criticism and self-criticism to restore and carry forward the glorious tradition of conducting criticism and self-criticism.

Comrade Zhong Peizhang said: Newspapers and radio and TV programs are the most influential and effective means of conducting criticism and self-criticism. Our party has constantly paid attention to publicly conducting criticism and self-criticism through press reports. However, the work of publicly conducting criticism and self-criticism through press reports has not developed smoothly. Almost every relatively important criticism has met numerous obstructions. Therefore, our present common tasks are to conscientiously sum up both successful and unsuccessful experiences and lessons gained from the work of conducting criticism and self-criticism through press reports, eliminate all kinds of obstructions, and restore and carry forward the glorious tradition and create a fair atmosphere of conducting criticism and self-criticism throughout the entire party and society.

SHANGHAI RELEASES ECONOMIC GROWTH FIGURES

W070036 Shanghai JIEFANG RIBAO in Chinese 29 Jul 84 p 1

Text] How was our city's economic development in the first half of this year? At the first press briefing held by the office of the municipal government yesterday afternoon, Han Xiezhong, deputy secretary general of the municipal government and concurrently director of its office, and Li Maohuan, director of the municipal Statistical Bureau, gave a briefing on overall economic development and progress in 15 aspects that are closely related to the people's livelihood.

Steady and Proportionate Industry Growth

In the first half of the year, the municipality fulfilled 51.6 percent of its annual industrial output value plan, and industrial output during that period was 8.8 percent higher than the corresponding period in 1983. Neighborhood-, village-, and township-run industry developed rapidly. The output value of collective and other industries not owned by the state rose 18.5 percent over the corresponding 1983 period, far surpassing the output value increase of industries owned by the whole people.

Bumper Harvest of Summer-Ripening Crops

According to a sample survey of 10 counties, the total output of summer grains is expected to reach 1.17 billion jin this year, an increase of 250 million jin, or 20.7 percent, over last year. Total output of rapeseed is estimated at 2.23 million dan, an increase of 200,000 dan, or 9.8 percent, over last year. Early rice and cotton are coming along fine, and a good harvest is in sight. A total of 16.03 million dan of vegetables were marketed in the first half of this year, up 33.4 percent over the corresponding 1983 period and averaging 8,800 dan daily. The procurement of eggs, the output of freshwater fish, and the amount of milk marketed all increased by more than 5 percent over the same period in 1983.

The Market in Both Urban and Rural Areas Brisk and Thriving

State-run commerce and supply and marketing cooperatives purchased 9,593,000,000 yuan worth of goods in the first half of this year, an increase of 10.5 percent over the same period last year.

The total amount of commodities imported into the municipality from other places in the country was 3,247,000,000 yuan, an increase of 16.3 percent. The large amount of imported goods enriched Shanghai's market supply and promoted the competition of products.

Utilization of Foreign Capital and Technology and Internal Association Accelerated

Utilization of foreign capital and the introduction of technology has been accelerated. According to preliminary statistics, in the first half of this year the municipality signed contracts for 10 projects utilizing \$251 million in foreign capital. About 140 transactions were concluded for importing technology worth \$138 million.

Further progress was made in economic and technological cooperation with other provinces and municipalities. By the end of June, the municipality had received 77 delegations involving more than 700 people, an increase of 1.2 times over the same period last year. They came here from various provinces, municipalities, and autonomous regions to negotiate cooperation matters. During that period, Shanghai sent groups of personnel to eight provinces and autonomous regions including Jiangxi, Xizang, Ningxia, and Sichuan to carry out extensive cooperation and conclude 348 technological cooperation projects.

Key Construction Projects and Urban Renovations Carried Out Smoothly

The municipality invested 1.76 billion yuan in capital construction during the first half of this year, an increase of 13.4 percent over the corresponding 1983 period. Of that amount, 1.29 billion yuan was used in the first phase of the Boshan Iron and Steel Complex project and the second phase of the petrochemical complex projects -- both are key national projects -- an increase of 13.5 percent over the same period in 1983.

While speeding up key construction projects, the municipality paid close attention to urban renovation and construction. In the first half of this year, some 6 million square meters of housing were under construction, an increase of 19.9 percent over the same 1983 period. Housing totalling 663,300 square meters was completed, an increase of 15.7 percent. The zoning of the People's Square and the planning of its underground facilities are in the works. Three key reconstruction projects for the sections between Tianmu Road and Hengfeng Road, between Zhaojiabin Road and Caoxibei Road, and Siping Road are either planned or in preparation. Minxingxin District has basically achieved "seven accesses and one smooth" [qi tong yi ping 0003 6639 0001 1627] and has begun to offer lands to foreign investors for construction of factories. The work of relocating Honggiaoxin District and construction of basic facilities are being carried out in earnest. In environmental construction, the municipality has completed a feasibility study of a project to move water intakes to the upper reaches. The work of controlling river pollution, building garbage ports and parks, and greening the city has progressed well.

People's Living Standards Further Raised

By the end of June there were 4,830,000 staff members and workers in Shanghai; this is an increase of 0.1 percent over the 1983 year-end figure. The total wages of staff members and workers were 2,425,000,000 yuan, an increase of 12.5 percent over the same period in 1983. This was mainly because of the wage readjustment of enterprises owned by the whole people. According to a sample survey of 500 families in the city proper, the average worker family's monthly income for living expenses was 60.06 yuan, an increase of 11.7 percent over the same 1983 period.

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PRC REGIONAL AFFAIRS
EAST REGION

If the wages paid retroactively were deducted, the average workers family's income increased by 6.9 percent. The cash paid to the peasants in procuring farm and sideline produce increased by 24.4 percent over the same 1983 period.

All in all, the national economic plan was implemented relatively well in the first half of this year. However, there are still many difficulties in our current economic development. The major ones are: Light industrial production is not able to catch up with changes in market demand; the pace of improving economic results is not fast enough; and communications, transportation, and urban service facilities are rather strained. During the second half of this year, we should speed up restructuring the economy and opening to the outside world, work hard to overcome the aforementioned difficulties, and strive to achieve new progress in the municipal economic development.

The press briefing also announced that the municipal government has set up an information service. Press briefings will be held regularly in the future.

GUANGZHOU PLA REVIEWS CULTURAL REVOLUTION

HK060703 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 6 Aug 84

[Text] In the course of party rectification education in totally negating the Great Cultural Revolution, eliminating factionalism, and strengthening party spirit, the party members of the Guangzhou PLA units headquarters organs have strictly analyzed themselves, summed up the experiences and lessons of history in a truth-seeking way, and unified their understanding regarding three-support and two-military work. They are resolved to take practical action to eliminate the influence of factionalism and further strengthen Army-government and Army-people unity.

Over 100 of the party-member cadres taking part in the first batch of Guangzhou PLA units headquarters organs to conduct party rectification participated in three-support and two-military work during the Great Cultural Revolution. In the past some of these comrades lacked sufficient understanding of the negative consequences of this work. The headquarters CPC Committee held: Unless this problem is solved well, we cannot correctly absorb the lessons and experiences of history from the Great Cultural Revolution and totally negate the Great Cultural Revolution. Since the beginning of July, the CPC Committee has conducted specific education in this respect, grasping this as an important content of party rectification.

Liu Cunzhi, chief of staff of the Guangzhou PLA units, Li Xilin, deputy chief of staff, and four other leading comrades at headquarters took part in study and discussion in various units of the organs. They took the lead in clarifying their ideas and held heart-to-heart talks with the party members, helping them to understand the negative consequences of three-support and two-military work.

During study and discussion, many comrades reviewed their experiences in three-support and two-military work. They said it was regrettable that we took part in three-support and two-military work under the guidance of the ultraleftist line at the time, erroneously took class struggle as the key link, confused the two different kinds of contradictions, and thus harmed many cadres and masses. We brought into the localities the method of giving prominence to politics, encouraged the growth of certain bad trends of formalism and trickery, and erroneously criticized the theory of productive force, the bonus system, and profit targets. We caused political and economic loss and left behind many difficult problems for the local CPC Committees and government. Apart from damaging Army-government and Army-people relations, three-support and two-military work also brought into the PLA units the factionalism, anarchism, extreme individualism and other erroneous trends in the localities. This affected unity within the Armed Forces.

HAINAN OFFICIALS ATTEND MEETING FOR CADRES

HK080255 Haikou Hainan Island Service in Mandarin 0330 GMT 7 Aug 84

[Excerpts] Yesterday the Hainan Regional CPC Committee and Administrative Commissioner's Office opened a regional meeting of cadres of the three levels at Haikou. The aim of this meeting is to analyze the new situation in the rural areas, fix new tasks, continue to implement thoroughly the CPC Central Committee's Document No 1, vigorously grasp cultivation, processing, and circulation, continue to enliven rural economy, and create a new situation in the commodity production in our region.

Attending yesterday's opening session of the meeting were Yao Wenxu, Lei Yu, Meng Qingping, Wang Yuefeng, Wei Zefang, Pan Wenhua, Chen Yuyin, Dong Fanyuan, Xie Donghui, Zhao Guangju, (Wu Kegong), (Yang Qiong) and other Hainan regional and autonomous prefectural party and government leading comrades.

Regional CPC Committee Secretary Yao Wenxu presided over the meeting and regional CPC Committee Deputy Secretary Wei Zefang delivered a work report.

After analyzing the progress of the region's implementation of CPC Central Committee Document No 1, Wei Zefang said: After completing for the most part the establishment of the system to assign responsibility for land by contracts which link remuneration with output, we should switch the focus of our rural work onto vigorously grasping the development of cultivation, processing, and circulation in order to speed up the development of commodity production in our rural areas. He said: Our region has very favorable conditions for the development of cultivation and livestock breeding, but it has failed so far to tap its potential. We should continue to guide the vast number of peasants, extend their field of vision, and make them understand that they can get much more material wealth from nature in our vast stretches of mountains, waters, grasslands, and sea areas. He said: We should adhere to the principle of simultaneously developing processing projects by the state, collective, and individuals and vigorously develop industry to process our region's agricultural and sideline products.

He emphatically pointed out: Circulation is a key link in commodity production. He said: Because of the influence of leftist thoughts and the fetters of old traditions and conventions, there are many barriers and obstacles to our peasants' development in the field of circulation. Therefore, we should regard the CPC Central Committee's Document No 1 as a guideline, eliminate all unreasonable regulations that run against the spirit of this document, create conditions for and ease the removal of barriers and obstacles and thus enable our vast number of peasants to vie with one another in conducting undertakings in the field of circulation. The meeting will last for 5 days.

GUANGXI LEADER ADDRESSES RECTIFICATION MEETING

HK050318 Nanning Guangxi Regional Service in Mandarin 1130 GMT 4 Aug 84

[Excerpts] The regional CPC Committee's party rectification leadership group convened a meeting of responsible comrades of regional systems, departments, and bureaus on 31 July to make arrangements for the next stage of party rectification in light of the situation of the work in the previous stage. Wei Chunshu, deputy secretary of the regional CPC Committee and head of the leadership group, made a speech. He pointed out: The first batch of units carrying out party rectification must seriously do a good job of accepting the results of the study stage and make preparations for switching to the stage of comparison and examination. The second batch of units carrying out rectification must work to create conditions for unfolding party rectification studies during August.

The first batch of regional organs carrying out party rectification conducted mobilization on 21 February. After 10 days of preparation, they launched the work during March. Party rectification work has been integrated with handling problems left over from the Cultural Revolution, restructuring, and assigning leadership groups. Party rectification has focused on economic work, with rectification spurring economic work and the achievements in economic work being applied to review party rectification work. According to Comrade Wei Chunshu's analysis, great success has been achieved in these aspects in the past 5 months. These are mainly expressed as follows:

1. As a result of studying party rectification documents, the ideological awareness of the party members has been enhanced.

The first batch of 50 units carrying out party rectification has a total of 370 party branches with 1,882 party members. All units spent more than 3 months in holding courses to study the stipulated party rectification documents.

2. As a result of studying party rectification documents, the progress of handling problems left over from the Cultural Revolution has speeded up. The regional CPC Committee has held three conferences and two telephone conferences on this work, issued a number of policy documents, and dealt with questions of the party membership of seven ringleaders of regionwide rebel organizations, informing the whole region about this. It has also ruled on a number of typical cases. This has effectively spurred the work of handling leftover problems throughout the region. It is expected that this work can be basically completed throughout the region by the end of the year.

3. Initial results have been scored in simultaneous rectification and correction of defects.

4. The readjustment and assignment of party and government leadership groups at and government leadership groups at and above county-level has been basically completed.

5. Economic work has developed. In guiding ideology, we have acknowledged that Guangxi is backward, but we are not satisfied with this and are resolved to carry out reforms, catch up with the others, and invigorate the region.

While affirming the achievements in work, Comrade Wei Chunshu also pointed out a number of problems:

1. Certain units do not have a good grasp of party rectification studies; their study results are poor and their progress slow.

2. The work has not developed evenly enough. Some units have made slow progress in handling leftover problems, and their task in this respect is still rather heavy.

3. Ideological and political work is still rather weak. There are many ideological problems among the cadres, and these affect efforts to bring their initiative into full play.

On specific arrangements for party rectification in the next stage, Comrade Wei Chunshu pointed out: The first batch of units carrying out rectification must make preparations for assessing and accepting the results of the study stage. They should strive to complete the acceptance in the second half of August. Those units that meet the three acceptance criteria can switch to the stage of comparison and examination. The majority of units should switch to this stage by mid-August. The few units that need to make up for the missed lessons in certain aspects should get a good grasp of this and strive to enter the stage of comparison and examination in late August. Comparison and examination is the key stage of party rectification and must be carried out in accordance with Circular No 7 of the CPC Central Commission for Guiding Party Rectification.

Comrade Wei Chunshu said: The second batch of 56 regional units and Nanning City will launch party rectification in August. The specific time for launching this can be decided by each unit in accordance with its actual conditions; some can advance ahead of others, and others can move a bit later. The majority of units should launch the work during August. Some, which cannot do so for various reasons, should strive to start it in September.

GUANGXI INVESTIGATION TEAM EXAMINES URBAN REFORM

HK080426 Nanning Guangxi Regional Service in Mandarin 1130 GMT 6 Aug 84

[Text] Entrusted by the State Council, Comrade Sha Ye, secretary general of the State Economic Commission and director of the China Society of Factory Deirectors and Managers, led an investigation team composed of the comrades of the State Economic Commission, the State Planning Commission, the State Commission for Restructuring the Economic System, the Ministry of Finance, the Ministry of Commerce, the Ministry of Labor and Personnel, the Organizational Department of the CPC Central Committee, the State Materials and Equipment Bureau, the State Bureau of Commodity Prices, and the All-China Federation of Trade Unions. The team conducted a thorough investigation in Nanning from 24 July to 2 August on the implementation of the State Council's "Provisional Regulations on Further Extending the Decisionmaking Power of the State Industrial Enterprises" (hereinafter 10-point regulations) and stressed implementing complete sets of minor reforms to promote major reforms.

While in Nanning, the investigation team listened to the reports given respectively by the responsible comrades of the regional Economic Commission and the Nanning People's Government on the implementation of the 10-point regulations; held forums attended by the leading members of the region, Nanning, departments concerned, factories, and mines; and inspected the work of the Nanning chemical plant, Nanning Jianwa printing and dying mill, Nanning machine tool plant, Nanning cannery, and Wumin tobacco factory. Party and government leading comrades of the region and Nanning City Qiao Xiaoguang, Huang Yun, Chen Huiguang, Wang Zhuguang, Wang Rongzhen, (Gan Xiangmeng), (Shen Dongjiang), and the responsible comrades of the regional Economic Commission met and exchanged views with all the members of the investigation team. The team introduced the experience of the neighboring provinces and cities and made valuable suggestions on how to best conduct enterprise reform.

Comrade Sha Ye pointed out: We must carry out a complete set of minor reforms. By this we mean reform measures centered on the second stage of reform in substituting tax payments for profit delivery, such as the 10-point regulations, imposing no ceiling for bonus payments, the system of factory directors assuming full responsibility, the economic responsibility system within enterprises, and substitution of tax payments for profit delivery. These are the experiences drawn from rural reform. The basic starting point is to begin reform with distribution in line with local circumstances and not to impose uniformity. Our aim is to mainly solve the following problems: 1) the relations between the state and enterprises so that the enterprises will not eat from the big pot of the state; and 2) the relations between the enterprises and workers so that the workers will not eat from the big pot of the enterprise. In order to solve these problems, the State Council has promulgated dozens of documents since 1979 and all provinces and cities have conducted experiments at selected points, made explorations for some years, and accumulated experience. Naturally, the complete set of minor reforms also has a central link -- the substitution of tax payments for profit delivery. Only when the relations between the state and enterprises are properly solved and all the enterprises are more or less equal can the factory directors wield their power and appropriately solve the problems within the enterprises.

Concerning the problems raised by enterprises, Comrade Sha Ye expounded the relations of several fields of work in reform:

1. The relations between the substitution of tax payments for profit delivery and extending the decisionmaking power of enterprises. The substitution of tax payments for profit delivery is a significant measure of reform.

Only by substituting tax payments for profit delivery and appropriately solving the problems between the state and enterprises can the extension of decisionmaking power, the system of factory directors assuming full responsibility, and so on be implemented within enterprises.

2. The relations between the 10-point regulations, the 3 regulations (provincial regulations for the congresses of the state industrial enterprises, provincial regulations for the work of directors in state factories, and provisional regulations of the CPC in carrying out organizational work at the basic levels in industrial enterprises), and the system of factory directors assuming full responsibility. The 10-point regulations are consistent with the system of factory directors assuming full responsibility is a development of the 3 regulations and the result of the reform of the enterprise leadership system. It gives greater power to factory directors. Its aim is to solve the problem of factory directors having no power and responsibility in the past and to alter the state in which the party was merged with the government instead of being separated.

3. The relations between party committees and the implementation of the system of factory directors assuming full responsibility. The factory directors will have greater power after the implementation of the system of factory directors assuming full responsibility. Therefore, they should further rely on the party committees and the masses and should take the mass line. It will be impossible for the factory directors to carry out the decisions they make without the support of the party committees and the masses.

4. The relations between extending decisionmaking power and the economic responsibility system within enterprises. In order to implement the economic responsibility system within enterprises, it is necessary to implement effectively enterprise consolidation and the basic work of fixing the production quotas, the number of workers responsible for the job, and the criterion for assessing proficiency. If we fail to do a good job in basic work, we will be unable to properly wield our power.

Briefly, we must use the spirit of reform to promote enterprise consolidation and use enterprise consolidation to lay a second basis for reform. Comrade Sha Ye called on leading comrades of the factories, mines, and enterprises to emancipate their minds, boldly carry out reforms, courageously wield power, implement the 10-point regulations, and strive to create a new situation in industrial production and economic results.

GUANGXI LEADERS LAUD OLYMPIC MEDAL WINNERS

HK071524 Nanning Guangxi Regional Service in Mandarin 1130 GMT 6 Aug 84

[Text] Yesterday evening, party and government leaders of the region and Nanning City Qiao Xiaoguang, Wei Chunshu, Chen Huiguang, Wu Keqing, (Gan Xiangmeng), and others paid a special visit to the swimming pool of the regional Sports Commission and met with the responsible comrades of the regional Sports Commission, the physical culture work group and the coaches. They warmly congratulated the brilliant achievements scored by Guangxi's outstanding athletes Wu Shude, Li Ning, and others in the 23d Olympic Games and highly praised the indomitable revolutionary spirit of China's and Guangxi's athletes in winning honor for the country. Comrades Qiao Xiaoguang and Wei Chunshu gladly talked about the three gold medals won by Guangxi athlete Li Ning, who won honor for the great motherland and also for Guangxi. In addition to the sound basis of Guangxi's sports work, we have better conditions than the past in various respects. We hope that the vast number of Guangxi's physical culture workers will work ceaselessly and unremittingly, make concerted efforts, and strive to score new successes. Also present on the occasion were the leading comrades Zhang Shengzhen, Lin Kewu, (Geng Feng), and (Liang Jixi).

HENAN'S LIU JIE ATTENDS ARMY DAY MEETING

HK030226 Zhengzhou Henan Provincial Service in Mandarin 1230 GMT 1 Aug 84

[Text] Yesterday evening, the army men and people in Zhengzhou held a get-together to mark the 57th anniversary of the founding of the Chinese PLA. The meeting places of the get-togethers were the Henan People's Hall, the Zhengzhou City cinema theater, the Zhengzhou City Youth Palace, and the Dongfanghong [words indistinct]. Some 12,000 PLA commanders and fighters, Red Army veterans, elderly cadres, revolutionary disabled soldiers, demobilized servicemen, and representatives of family members of martyrs and servicemen, representatives of cadres, and of the masses attended.

Before the get-together was held, leading comrades of the provincial and city party, government, and Army and of PLA units stationed in Zhengzhou, including Liu Jie, Liu Zhengwei, He Zhukang, Zhao Wenfu, [passage indistinct] respectively in the Henan People's Hall, [passage indistinct].

Comrades of the localities praised the PLA units stationed in our province for making achievements in revolutionization, modernization, and regularization of the Army, in joint Army-people efforts to build a spiritual civilization, in training military and technical personnel, and in supporting our province to develop industry and agriculture, combat floods, deal with emergencies, and maintain social order. Comrades of the localities declared that they will do all aspects of work well in a down-to-earth manner and will vigorously support Army building.

Comrades of the Army thanked the CPC committees and governments at all levels and all people throughout the province for showing warm concern for and for supporting the Army, which is composed of the sons of the people. They are resolved to accomplish all tasks of the Army.

They all declared that they will continue to carry forward the glorious traditions of supporting the Army, giving preferential treatment to family members of martyrs and servicemen, supporting the government, and cherishing the people, will further strengthen Army-government and Army-people unity, will penetratingly implement all combat tasks put forward by the 12th party congress, and will struggle hard together to invigorate China and Henan.

At all the meeting places films [words indistinct] were shown.

LIU JIE PRESIDES OVER HENAN PARTY MEETING

HK071434 Zhengzhou Henan Provincial Service in Mandarin 1230 GMT 6 Aug 84

[Text] The ninth plenary meeting of the Third Henan Provincial CPC Committee has decided to hold the Fourth Henan Provincial CPC Congress on 13 August. The ninth plenary meeting of the Third Henan Provincial CPC Committee was held in Zhengzhou 4-6 August 1984. The meeting was presided over by Comrade Liu Jie, first secretary of the provincial CPC Committee.

Attending this plenary meeting were 51 members of the provincial CPC Committee and 11 alternate committee members.

The meeting examined, discussed, and unanimously adopted the report made by the third provincial CPC Committee to the fourth provincial party congress and decided to submit this report to the fourth provincial party congress for examination and discussion.

GUANG GUANGFU OUTLINES HUBEI RECTIFICATION

HK080143 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 7 Aug 84

[Excerpts] Yesterday afternoon the provincial CPC Committee conveyed a meeting of party-member cadres at and above section level in the provincial organs. The meeting was held in Hongshan Hall. Provincial CPC Committee Secretary Guan Guangfu delivered a report in which he reviewed the state of party rectification in the first and second batches of units carrying out rectification in the provincial organs, and outlined arrangements for concentrated rectification and correction in the next stage. Wang Guanguo, deputy secretary of the provincial CPC Committee, presided, Shen Yinluo, Wang Qun, and Qian Yunlu, deputy secretaries of the committee, attended.

Guan Guangfu reviewed party rectification work in the past 6 months. He said: Generally speaking, party rectification in the first and second batches, together with party rectification studies and correction of defects in other units, have made smooth progress and gradually developed in depth. The development is healthy and the achievements notable.

Guang Guangfu continued: The provincial CPC Committee Standing Committee has carried out concentrated study of Circular No 9 of the Central Commission for Guiding Party Rectification. It holds that it is extremely significant that, after basically completing comparison and examination, units conducting rectification should spend about 3 months carrying out rectification and correction in depth. This will have a stimulating role on the first and second batches and also on all other units. In this concentrated rectification and correction phase, it is necessary to further resolve the main problems in the party in ideology, workstyle, organization, and discipline, and tangibly overcome the problems of conservative ideology, lack of reform, weak leadership, and lax work style. Specifically, we must currently concentrate on doing a good job in the following work:

1. Eliminate leftist influences, get rid of complacency, correct the guiding ideology for professional work of all types, vigorously promote reforms, and consolidate and develop the good momentum of urban and rural reforms. While carrying out concentrated rectification and correction, we must also pay attention to solving various outstanding problems, such as the difficulties of the peasants in buying and selling things, the drop in the light and textile industries, and so on.
2. We must vigorously arrest three unhealthy trends, resolutely promote uprightness and eliminate malpractices, and promote a notable turn for the better in party style. We must seriously organize forces to investigate cases of grave bureaucratism that have caused heavy political and economic losses. We must certainly not indulge and appease people involved in such cases. We must resolutely correct malpractices in using powers for private purposes. Apart from conducting education and making corrections in the course of rectification and correction regarding unhealthy trends in housing allocation and construction, illegal transfer of household registration from agricultural to non-agricultural, and irregular job assignments, we must pay particular attention to vigorously investigating and verifying major cases of using powers for private purposes, and deal with them seriously in accordance with party discipline and state law.

We must seriously correct the unhealthy trend among some cadres of flaunting their powers and putting on a big show. Some cadres in the province are not wholeheartedly serving the people and have a weak concept of policy and the legal system.

They are seriously infected with the special privilege mentality, departmentalism, and excessive decentralization. They flaunt their powers, violate the interests of the masses and the state, and even adopt illegal measures, acting as lords and tyrants. We must fundamentally correct unhealthy trends like this.

3. Totally negate the Great Cultural Revolution, eliminate factionalism, and strengthen party spirit. Regarding what method to adopt and what problems to note in totally negating the Great Cultural Revolution, we must seriously organize study of the spirit of the central documents and persist in carrying out education by positive example. We must seriously eliminate leftist influences in close connection with reality, and profoundly sum up experiences and lessons. We must seriously do a good job in eliminating factionalism. If there are disputes over historical questions, we must uphold the principle of dealing with them in outline rather than in great detail to preserve the situation of stability and unity.

4. Units in the first and second batches carrying out rectification have already basically discovered the main problems in their leadership groups. During the stage of concentrated rectification and study, we must adopt practical and effective measures to solve the main problems and build the leadership groups into strong cores leading the masses to create a new situation in the four modernizations drive.

Guan Guangfu said: We must persistently uphold the important instruction of Comrade Hu Yaobang that party rectification should promote the economy, and the economy should test party rectification. Whatever we are doing, we must not forget the central task of promoting the economy.

As for the timetable, the provincial CPC Committee Standing Committee has decided that the first batch of party rectification units and 41 units in the second batch -- mainly economic work departments -- will simultaneously begin their 3 months of concentrated rectification and correction in August. The other 51 units in the second batch will switch to the stage of comparison and examination after completing the stage of studying the documents, and they should also step up the work of simultaneous rectification and correction of defects.

REFORMS IN BEIJING ENTERPRISES SAID SUCCEEDING

HK040238 Beijing JINGJI RIBAO in Chinese 30 Jul 84 p 1

[Report by Xie Ranhao: "Ten Beijing Enterprises Strengthening Adaptability to Market Changes in 4 Years of Reform"]

[Text] Under the care of a leading comrade of the State Council, in 1980 10 enterprises in Beijing began to institute a reform of "practicing independent business accounting, paying taxes to the state, and assuming sole responsibility for one's own profits and losses." Four years have passed since then, and their quality and their adaptability to market changes has been improved. Compared with 1979, the output value, profits created, and taxes and profits handed over to the state increased annually by an average of 25 percent, 18 percent, and 13 percent respectively.

The increase in these three areas was higher than the average growth rate of the local state-owned industrial enterprises in Beijing Municipality in the corresponding period; namely, the increase in output value was 10 percent higher, in profits created was 9.6 percent higher, and in taxes and profits handed over to the state was 12 percent higher. The 10 enterprises are the optical instrument plant, the refrigerator plant, the Beijing No 3 clothing factory, the Qinghe woolen mill, the Beijing No 2 chemical plant, the general internal combustion engine plant, the Guanghua timber mill, the leather goods factory, the Beijing No 2 woolen mill, and the watchgear plant.

Over the last 4 years, the 10 enterprises have achieved success in conducting reforms. Regarding the relationship between the enterprises and the state, they have instituted a reform aimed at "replacing profit delivery with tax payments, with sole responsibility for one's profits and losses" in the form of "four taxes and two payments;" that is, industry and commerce taxes and a regulatory business tax will be levied first on enterprises in accordance with the income from marking their products, no matter whether they make profits or not or whether they gain huge or meager profits. If they gain profits, they should pay income tax and an urban construction tax to the state at a fixed rate of 45 percent. Following that they should also pay fees for the use of fixed assets and circulating capital. The remaining portion of profits will go to the enterprises for their own disposal. In this way the economic responsibility which enterprises undertake for the state is fixed. This reform can help enterprises gradually overcome the malpractice of enterprises eating from the same big pot of the state, and, at the same time, can stimulate enterprises to boost profits by relying on technological progress. In the last 4 years the funds of these 10 enterprises that were earmarked to develop production amounted to over 150 million yuan, averaging at least 39 million yuan, or doubling the total amount of state financial allocations to the 10 enterprises in 1979.

In an unfavorable situation in which there is a rise in the prices of raw and semi-finished materials, a reduction in the prices of products, and a readjustment in the product mix, these enterprises have still vigorously imported advanced technology from abroad, readjusted the product mix in accordance with market demand, and improved the quality of production techniques, thus promoting the replacement and upgrading of products. The main products of 7 of the 10 enterprises have been cited by the state or Beijing Municipality as top-quality, brand-name products. The Beijing refrigerator plant's Snowflake brand refrigerators, the Beijing Qinghe woolen mill's printed cashmere woolen cloth, the Beijing chemical plant's slack [shu song 3990 2646] polyvinyl chloride II, the Beijing optical instrument plant's theodolites of two types, and the Beijing general internal combustion engine plant's gasoline engines have become goods that sell well domestically and whose demand exceeds supply, and some of them are even in great demand on foreign markets.

In reforming their internal departments, the 10 enterprises have practiced a floating wage system under which the bonuses of their staff and workers will fluctuate along with the amount of taxes and profits handed over to the state, and neither ceiling nor floor is imposed on the distribution of bonuses. They have organized the superfluous personnel, resulting from the implementation of the practice of arranging production according to a fixed number of workers and fixed quotas, to engage in the work of offering labor and technical services and of retrieving waste materials. They have also introduced various forms of the responsibility system among their internal departments on a trial basis. All these reforms have aroused the enthusiasm for labor of the enterprises' staff and workers. The average per worker output value of the 10 enterprises in the 4 years between 1980 and 1983 was 6.2 percent higher than the 1979 figures, and the output value per worker of the Beijing optical instrument plant, the Beijing No 3 clothing factory, the Beijing Guanghai timber mill, and the Beijing refrigerator plant, where the floating wage system was introduced at an early date, increased by 17.6 percent.

Over the last 4 years, the 10 enterprises have also reformed the enterprise leadership system. In most of the enterprises, factory directors were selected through a democratic election, the system of staff and workers congresses has been set up, and a large group of entrepreneurs who can constantly open up new prospects in work have emerged. This July 7 of the 10 enterprises were selected by Beijing Municipality as experimental units where a system under which a factory director assumes full responsibility will be practiced.

SONG PING INSPECTS TIANJIN OPEN-POLICY WORK

SK080627 Tianjin TIANJIN RIBAO in Chinese 18 Jul 84 p 1

[Text] From 16 to 17 July, Song Ping, state councillor and minister of the State Planning Commission, inspected the work of opening to the outside world in Tianjin Municipality.

On the afternoon of 16 July, Comrade Song Ping listened to our municipality's report on opening to the outside world. Attending the report meeting were Chen Weida, first secretary of the municipal CPC Committee; Mayor Li Ruihuan; Vice Mayors Nei Bichu and Li Lanqing; Hao Tianyi and Mao Changwu, advisers to the municipal government; and responsible comrades of departments concerned.

On 17 July, accompanied by Vice Mayor Nei Bichu, Comrade Song Ping inspected the economic and technological development zone, China Orzuka Pharmaceutical Ltd Company and Tianjin Sewage Treatment Plant, which are under construction in Tanggu. Accompanying Song Ping to Tianjin were Lu Kebai, vice minister of the State Planning Commission, and Gan Zhijian, member of the State Planning Commission.

TIANJIN CPC HOLDS RECTIFICATION MEETING

SK060343 Tianjin City Service in Mandarin 0030 GMT 5 Aug 84

[Excerpts] The Standing Committee of the Tianjin Municipal CPC Committee held a meeting on 25 and 26 July to study the municipality's party rectification, urban reform and its work of opening to the outside world. In line with the instructions of the CPC Central Committee and the actual situation of our municipality, the meeting held conscientious discussions on ways to carry out these fields of work successfully and offered important suggestions.

After studying Circular No 9 of the CPC Central Committee Party Rectification Guidance Commission, the municipal CPC Committee studies the rectification-correction work of the municipality's party rectification units.

The Standing Committee of the municipal CPC Committee held: Circular No 9, which fully conforms to the specific conditions in the municipality's party rectification work, is a very important guidance. All party rectification units should pay overall attention to the four fields of work as set forth in the circular. They are to further correct the guiding ideology for professional work, to conscientiously eliminate factionalism and strengthen party spirit, to thoroughly investigate and deal with serious bureaucratic cases which have caused heavy economic and political losses to the state and the cases of abusing power for selfish gain, and to solve the major problems of leading bodies.

To correct the guiding ideology for professional work means to correct the guiding principles for economic, political, cultural, educational, organizational and other fields of every locality and department through rectification and correction and to make them compatible with the party's general task and general objective and with reform. In doing this work, we should pay close attention to the following four points:

First, we should continue to unify our thinking. Through rectification and correction, we should unify the thinking of the whole party in line with the call for carrying out economic construction with concentrated efforts and make leading comrades understand more thoroughly the guidelines of Comrade Deng Xiaoping's speech which said that it is Marxism that pays the most attention to the development of social productive forces and that the most fundamental task in the socialist period is to develop social productive forces, so that all party members can take the initiative in building Chinese-style socialism.

Second, we should further eliminate the influence of leftist ideology and conservatism and remove the obstacles to reform and the open policy. We should make all party members, especially all leading cadres, thoroughly understand that the policy of opening to the outside world and enlivening domestic economy should be implemented resolutely and economic reform should be promoted on the premise that the socialist system is upheld.

Third, we should proceed from the actual conditions of our own departments and, through rectification and correction, clarify our positions and functions in the four modernizations, the tasks and demands the new situation has set on us and the manifestations and dangers of incorrect guiding principles for professional work.

Fourth, we should bear in mind the practices of the current reform and work out detailed plans for correcting the guiding principles for professional work so that the rectification-correction work can be focused on economic construction.

To eliminate factionalism and strengthen party spirit is also a major demand for rectification and correction. Factionalism, as a remnant of the Cultural Revolution, is not as serious as in the Cultural Revolution period. Viewed from the whole municipality, however, factionalism has yet to be thoroughly eradicated. We must never underestimate its danger. At some units, it still impedes the implementation of the party's line, principles and policies, the building of the two civilizations and the work to eliminate the three types of persons and build the third echelon. Because factionalism is a product of the Cultural Revolution, we should thoroughly negate the Cultural Revolution if we are to thoroughly eliminate factionalism. Therefore, all party rectification units should devote a certain period of time in the rectification-correction stage to educate all party members to totally negate the Cultural Revolution. At the same time, they should correct their erroneous views in line with their actual conditions. We should educate party members in a planned manner with the basic purpose, the ideological line and the organizational principles of the party. Because total negation of the Cultural Revolution and thorough elimination of factionalism are very important tasks concerning policies, we should carry them out in strict accordance with the guidelines of the CPC Central Committee's party rectification decision.

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To thoroughly investigate and deal with serious bureaucratic cases which have caused heavy economic and political losses to the state and the cases of abusing power for selfish gain, and to solve the major problems of leading bodies are also important tasks in the rectification-correction stage. All party rectification units should carry them out successfully.

The Standing Committee of the municipal CPC Committee held: The current economic reform is focused on invigorating the existing enterprises. One of the tasks is to make the second step of the tax payment system a success and to establish and improve the economic responsibility system. The other is to grant more autonomy to enterprises. These are the crucial matters concerning urban reform. In order to ensure the smooth implementation of reform, we should bear firmly in mind the purpose of economic reform and correctly handle the relationship between the state, the collective and the individual so that, in financial distribution, the state can get the largest share, the collective the second largest, and the individual the rest.

The Standing Committee of the municipal CPC Committee held: The guiding principle for the municipality to open to the outside world is that Tianjin should base itself on its own needs while keeping in view the needs of the whole country; make the best of its economic, scientific and technological, and cultural edges and its function as a harbor; assimilate, [world indistinct] and transfer foreign new technology and knowledge; and serve the revitalization of the economy of northern China and even the whole country. It should proceed from its actual conditions, carry forward its strong points and avoid weak points, and take the road which is better and suits its needs in opening to the outside world. In the utilization of foreign funds, we should place emphasis on industry, technical transformation, and technical progress and strive to import the new technology, material, techniques, and useful modern management methods so as to accelerate construction of Tianjin. We should bear in mind the municipality's long- and medium-term plans for economic and social development when we use foreign funds and import technology. The focus should be put on transformation of existing industrial enterprises and expansion of the cargo-handling capacity of the harbor.

TIANJIN'S CHEN WEIDA FETES U.S. PROFESSOR

SK080544 Tianjin TIANJIN RIBAO in Chinese 10 Jul 84 p 1

[Text] On the afternoon of 9 July, leading persons of the municipal CPC Committee and the People's Government, including Chen Weida, Yang Jingheng, and Nie Bichu, received and feted Chen Shubo [7115 2885 2672], a U.S. citizen of Chinese origin and an electronic expert, and Lin Ruoxing [2651 5387 2502], his wife.

Professor Chen Shubo has taught for more than 20 years at the Santa Clara University in California. His students can be found at every corporation in Santa Clara City. However, over the past several years, he has wanted to train competent persons for China. The primary purpose of his current visit to China is to discuss with departments concerned his tentative idea of establishing the China Experimental University in Shenzhen. During the reception, Professor Chen briefed Comrade Chen Weida on his plans for founding the university. He said: Founding the experimental university is the first step. Placing this university at the core, I hope to set up China's Santa Clara to develop an advanced electronic industry so as to contribute to the earlier attainment of China's four modernizations drive. Comrade Chen Weida expressed his appreciation for Professor Chen's plans.

Professor Chen also said: Chinese people have invested abundant funds in developing industry in Santa Clara City and thousands of Chinese engineers are working for various industrial enterprises in the city. All these Chinese engineers are willing to contribute to China's four modernizations drive.

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After hearing this situation, Comrade Chen Weida was very happy and hoped Professor Chen would tell the entrepreneurs, engineers and technicians in Santa Clara City that they are welcome to give lectures and run enterprises in Tianjin. Professor Chen was very happy when he was warmly received by Tianjin and was informed that Tianjin hopes to cooperate with him. He said that he will visit Tianjin again.

TIANJIN OIL FIELD CONSTRUCTION UNDER WAY

OWO41148 Beijing XINHUA in English 1044 GMT 4 Aug 84

[Text] Tianjin, August 4 (XINHUA) -- Construction is well under way in the Chengbei offshore oilfield being jointly developed by China and Japan, according to the Bohai Sea Petroleum Corporation. Production is expected to begin next June.

Platform B, one of two drilling platforms in the oilfield in the southwestern Bohai Sea, has finished drilling all its 28 wells. Platform A has drilled 13 of its 28. Two accommodation platforms, a storage platform and an oil terminal have been built, and installation of production facilities on platform B is under way.

Chengbei oilfield covers 11.5 square kilometers and is 84 kilometers from the shore. Experts estimate the oil reserves at more than 26 million cubic meters.

JILIN DEALS WITH 'PEOPLE OF THREE CATEGORIES'

HK080810 Beijing RENMIN RIBAO in Chinese 6 Aug 84 p 4

[Report by Zhang Shuzheng: "Jilin Provincial Discipline Inspection Committee and Jilin City CPC Committee Clear the 'People of Three Categories' Out of the Party Committee of the Jiuzhan Paper Mill"]

[Text] The Discipline Inspection Committee of the Jilin Provincial CPC Committee and the Jilin City CPC Committee have taken measures to clear away "people of the three categories" who have usurped leading positions in the party committee of the Jiuzhan paper mill and to settle the serious problem of organizational impurity in the leading body of the plant party committee by handling the case in which some "rebel" leaders beat other workers.

In December 1982, during a product sale fair, the Jiuzhan paper mill held a sumptuous feast. Jiao Jianguo and Li Jinyu, both workers of the plant, came to the feast and criticized the people who organized the extravagant affair. Wang Xifu, a "rebel" leader during the "Cultural Revolution," stood up and uttered invectives against Jiao and Li. When Li retorted, Wang went as far as to beat Li and seriously injure him (Li was hospitalized for more than 20 days). When Wang was beating Li, another worker rebuked Wang: "How can you beat other people as you did during the 'Cultural Revolution?'" Wang answered arrogantly: "I am a rebel. I dare to beat, smash, and loot. As I am now beating this guy, what can you do to me?" In April 1983, the Jilin City CPC Committee decided to take legal proceedings against Wang after making a serious investigation of the case (Wang was then sentenced to 2 years' imprisonment). At the same time, the city party committee decided to reorganize the leading body of the factory party organization. In the first half of this year, according to central leading comrades' opinions on the issue of the Jiuzhan paper mill, the Discipline Inspection Committee of the provincial party committee and the city party committee continued to investigate the case of the paper mill to find out whether the "people of three categories" still existed in the leading body of the party committee. The recent results of the investigation show that 5 people in the 10-member party committee of the plant were evildoers or smash-and-grabbers during the "Cultural Revolution." In particular, Xue Guisen, deputy secretary of the party committee, who was in charge of the routine work of the party committee, was a behind-the-scenes adviser to the "rebels" in the Jilin synthetic fiber plant; Qi Fenglai, a member of the party committee and deputy director of the plant, was a leader of the "rebels" in the Jilin sugar refinery and had a part in persecuting cadres; Tan Yuanjiang, a member of the party committee and head of the production section, took an active part in setting up a Kangaroo court in the paper mill to extort confessions from cadres and workers by the use of torture; and Zhang Lujin, a member of the party committee and head of the political work section, also committed some mistakes during the "Cultural Revolution."

These people, who once usurped the leadership of the plant party committee, surreptitiously resisted and violated the central authorities' instructions on removing the "people of three categories." They even recruited a person into the party who had committed serious mistakes during the "Cultural Revolution." They made use of their power and functions to develop such unhealthy tendencies as throwing lavish dinners and giving gifts. They did not seriously deal with people who were involved in economic malpractice and did not crack down on economic crimes. As a result, the management of the plant was confused and disorderly, and this led to tremendous loss and waste. About 1 ton of kraft paper each month was taken away by people without authorization. In light of the facts that have been verified, the Jilin City CPC Committee has made the following decision: Expelling Xue Guisen from the party and removing him from the chairmanship of the factory trade union; placing Qi Fenglai on probation within the party for 2 years (Qi has been removed from the post of deputy factory director); labelling Tan Yuanjiang a smash-and-grabber, expelling him from the party, and dismissing him from the post of section head; and transferring Zhang Lujin from the post in charge of party work to another post.

XINJIANG'S WANG ENMAO MAKES COMPARISON, EXAMINATION

HK071033 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 6 Aug 84

[Text] The third CPC Committee of the Xinjiang Uygur Autonomous Region held its second expanded plenary session in Urumqi this morning. There were two main items on the agenda: 1) The Standing Committee of the regional CPC Committee made comparison and examination for party rectification, and 2) a review of the region's work in the first half of this year and assignment of tasks for the second half. The meeting is to be held in two phases.

At the session this morning, on behalf of the Standing Committee of the regional CPC Committee, Wang Enmao, first secretary of the regional CPC Committee, made comparison and examination for party rectification. Comrade Wang Enmao also made personal comparison and examination on that occasion. In the afternoon, participants in the meeting studied documents to prepare opinions. Tomorrow, they will hold group discussions to put forward opinions and suggestions and make criticism and self-criticism of the comparison and examination made by the regional CPC Committee and Comrade Wang Enmao. Attending the meeting were members and alternate members of the regional CPC Committee, members of the regional Advisory Committee, members of the regional Discipline Inspection Committee, party member vice chairmen of the Standing Committee of the regional People's Congress vice chairmen of the regional People's Government, party member vice chairmen of the regional CPPCC, commander, deputy commanders, political commissar, deputy political commissars, General Staff and Political Department head of the Xinjiang Production and Construction Corps, as well as responsible comrades of prefectures, autonomous prefectures, cities, committees, offices, departments, bureaus, mass organizations, universities and colleges, and reclamation areas under the control of the Xinjiang Production and Construction Corps.

XINJIANG OPENS MEETING ON ECONOMIC COOPERATION

HK071102 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 6 Aug 84

[Text] The regional meeting for promoting economic and technological cooperation inside the region opened in Urumqi this afternoon. The tasks of the meeting are to sum up and exchange experiences in the region's economic and technological cooperation, to promote cooperation in a planned way and step by step, to introduce some advanced technology cooperation projects from the outside, to actively carry out some plans endorsed by the regional People's Government for promoting economic and technological cooperation, and to make a specific study of preferential measures to promote economic and technological cooperation within the region. (Qi Fengshan), vice chairman of the regional Economic Committee, spoke at the meeting. He first gave a briefing on the economic and technological cooperation between our region and other provinces, and then put forth the following three suggestions for promoting economic and technological cooperation within the region:

1. [Words indistinct] to carry out reforms in economic and technological cooperation. All localities and enterprises should make efforts to make a success of economic and technological cooperation within the region, while promoting such cooperation with other provinces, autonomous regions and cities.
2. In promoting economic and technological cooperation within the region, it is essential to break down barriers between different regions and between different trades and to establish different forms of economic associations in line with the principles of consultations on an equal footing and mutual benefit.
3. Proceeding from actual conditions and stressing practical results, it is necessary to confirm all projects for economic and technological cooperation.

PRC'S THIRD WORLD 'FLATTERY' CRITICIZED

OW080017 Taipei International Service in English 0100 GMT 7 Aug 84

[Station commentary]

[Text] Communist China's foreign minister, Wu Hsueh-chian, is on a 2-week tour of Mexico, Venezuela, Argentina and Brazil, and its assistant foreign minister, Chu Chi-chen has just concluded a rare week-long visit to Cuba. Ostensibly, the two travelers from Red China are out to promote friendship with, and gain understanding of Latin American countries. The truth is that Peking is ardently courting the Third World in its attempt to counter the two superpowers. Wu's Latin American trip is essentially a continuation of his extensive trip to other parts of the Third World since he assumed office in 1982. Everywhere he went, he fired one blast after another at the United States and the Soviet Union and proclaiming Peking as the champion of the weak and the oppressed in the world.

Prior to his departure for Latin America last week, Wu accused the United States and the Soviet Union of intervening in Central American political struggles and said the superpowers should stay out of such conflicts. Declared Wu, the interference from external forces in the domestic affairs of Central American countries is the major factor that contributes to an unstable situation in the region. He also praised the Contadora Group of nations for attempting to arrange a peaceful solution to the wars in El Salvador and Nicaragua and spoke on behalf of the debt-ridden countries in Latin America.

Peking's official magazine WORLD AFFAIRS also blasted the United States for its intervention in Grenada, which the magazine says shows the real features of U.S. hegemonism.

All these pronouncements and flattery from Peking may sound nice to those countries that bear a grudge against either of the two superpowers or both. But they have to watch out lest they should fall into Peking's trap. Red China may proclaim itself as a member of the Third World and pretend to be its spokesman; the fact remains that it is as (?menacing) as both superpowers, if not more so. Its track record has been one of bullying and sabotaging the security of its neighbors. Ask Indonesia, Malaysia, Vietnam and they will tell you what lies behind Peking's smiling face.

While trying to line up the support of the Third World in its rivalry with the superpowers, Peking has nothing to offer except empty words of flattery and maybe a few tenders. Besides being a destabilizer of the Third World, Peking has also been competing with the have-not nations in the world for development loans from the World Bank and other international lending agencies. A case in point is the huge amount the United Nations Family Planning Agency has spent in helping Red China's draconian birth control program. The UN agency has already given Peking \$50 million, and plans to grant the same amount between 1985 and 1989 for the implementation of its population control policies. If Peking was a real friend of the Third World, the least it can do would be stopping fighting with other developing nations for limited funds from the developed countries.

PRC-UK HONG KONG ACCORD ONLY 'ROSY PROMISES'

OW061419 Taipei International Service in English 0100 GMT 4 Aug 84

[Text] Director General James Soong of the ROC Government Information Office said: The draft agreement between Communist China and Britain on the future of Hong Kong constitutes of nothing but rosy promises.

The spokesman of the ROC Government compared the draft to promises made by Communist China to Tibet where it installed a communist government in 1953 that led later to a Tibetan uprising crushed by Communist Chinese troops. The people of Tibet had once been given assurances on their future.

Soong was commenting on the disclosure of portions of the draft agreement by British Foreign Secretary Sir Geoffrey Howe in Hong Kong Wednesday following a visit to Peking. Howe said Britain and Communist China planned to initial the agreement before the end of September and that a joint liaison group would be established to oversee the agreement until the year 2000.

CHINA POST DISPARAGES HONG KONG AGREEMENT

OW080801 Taipei CHINA POST in English 4 Aug 84 p 4

[Editorial: "The Hong Kong Debacle"]

[Text] The British Foreign Secretary Sir Geoffrey Howe's announcement Wednesday that he had reached agreement with the Chinese Communists over Hong Kong and will initiate an agreement in September on the 1997 takeover of Hong Kong is another bombshell to the 5.3 million Hong Kong people with a tremendous impact on their future.

As he revealed at his press conference Wednesday, the agreement will advance the takeover of Hong Kong for at least nine years as the envisaged joint liaison group will be set up and based in Hong Kong not later than 1988, four years from now.

The agreement will contain on the surface all semblance of retaining the present features of Hong Kong's life and activities, including the present legal and judicial system, the continuance of Hong Kong's economic and trade policies and use of its financial revenues exclusively for its own purposes, the convertibility of Hong Kong dollar and the freedom to move capital into and out of Hong Kong, the continuance of the present civil service and pension rights, the maintenance of Hong Kong's system of port management, shipping and the free operation of private shipping business, enabling Hong Kong residents to continue to enjoy the right to travel, retaining Hong Kong's educational system and preserving all rights and freedom which the people of Hong Kong now enjoy, and Hong Kong will be able to participate in international organizations and trade agreements such as GATT. It also stated clearly that the people of Hong Kong will retain "the rights of ownership of property and free movement of goods."

If the Chinese Communists really mean to let Hong Kong people to continue to enjoy all the above rights and freedom as the Hong Kong people enjoy now as the agreement will provide, there is no earthly reason why they should be the subject of an agreement to be concluded between Peking and London, so far in advance of 1997. The Chinese Communists could leave everything as is.

Moreover the envisaged joint liaison group will not be an organ of power and will have no supervisory and no administrative role, according to Sir Geoffrey's view. Then why should it be set up?

It is obvious that all the promises to be incorporated into the September agreement are merely a sugar-coated bait to allow the Chinese Communists to have a voice in the Hong Kong affairs right away.

Once the joint liaison group is set up, the Peking regime will certainly interfere in the administration of Hong Kong affairs by various devious means as to become the master of the Hong Kong people and the British a puppet.

The Hong Kong people should not accept the purported agreement without a fight. It should demand a referendum over this issue so that they may overwhelmingly reject the proposal. The British Parliament should also demand a thorough debate of this issue and compel the government to rescind this agreement or not to initiate it until further study is conducted. The British people should protest the arbitrary manner the Hong Kong negotiations have been conducted and not throw the fate of the 5.3 million people into the Chinese Communist slave camp.

We are glad that the Government of the Republic of China has quickly voiced its righteous stand against this agreement. We should not only reject such an agreement but also warn the free world of the dire consequences of such an agreement if Hong Kong should be permitted to fall behind the Iron Curtain and 5.3 million people of Hong Kong be permitted to be enslaved by the Peking regime. It will endanger the peace and security of all the Asian and Pacific nations.

All the Chinese people in this region should not permit their compatriots to be betrayed by the British Government which has been proved to be heartless as well as merciless. They should denounce such a betrayal in the name of world freedom, justice and peace.

CHANGES IN U.S. TEXTILE QUOTAS CALLED 'BAD NEWS'

OW080631 Taipei International Service in English 0100 GMT 8 Aug 84

[Station commentary]

[Text] Asian textile countries have received some bad news from the United States. All these countries, notably the Republic of China, South Korea, Hong Kong, and Red China, export their textiles to America under quotas. The Republic of China is the largest supplier of garments. Up to now a partially finished garment could be sent from one Asian country to another and modified under the quota of the second country, not the first. This has allowed the region as a whole to take full advantage of its total quota.

For example, Taiwan might have exhausted its quota for men's shirts. Instead of terminating production for the year, it could do the cutting and initial sewing and then send the garment to Hong Kong for finishing.

The American textile industry has viewed this as an evasion of the quota system and protested the government. Now the Reagan administration has yielded to the industry's pressure and decided that the quotas cannot be shifted by moving the garment and finishing it elsewhere.

Retailers of the United States oppose the government's change. They say orders already placed will be affected. The vice president of the May Company, Thomas Hayes, said the new rules threaten an administrative nightmare and will cause serious disruptions among the U.S. textile importers.

As one of the countries affected, the Republic of China can point out that it has cooperated with the United States on textile exports for a quarter of a century when quotas were first imposed. Furthermore, some quotas are not enlarged in this way. For example, Taiwan does not send garments to mainland China which has been having a big dispute with the U.S. about textile exports or vice versa.

It is true that the U.S. textile industry has been affected by imports. However, the Asian countries are principally makers of low-cost goods and garments. The high-grade market has been left to the U.S. but seemingly the American industry now wishes to regain at least a part of the cheap textile market through protectionism. Maybe it can do this. After all, the U.S. market could be protected 100 percent through tariffs and import bans. But success will mean the American consumer will pay a lot more for many of the cheap products it buys: Children's clothing, for example, and men's undershirts. The American industry cannot possibly make these products at a price to compete with the Asians.

Trade is a two-way street. The Republic of China has just agreed to tariff reductions and eliminations on American consumer goods. It is trying hard to enlarge the U.S. market in Taiwan. But this effort can scarcely be continued if pressure groups are able to persuade the U.S. Government to resume the protectionism of former times. Not everybody can make everything and sell it to everybody. Trade must be based on cooperation and specialization. A resumption of protectionism will hurt us all. Free China hopes that the textile problem will be worked out through negotiations just as the quotas were when they were first imposed. Unless we trade and let trade, the world is going to be less prosperous than it has been.

BRITISH TRADE GROUP ARRIVES FOR TALKS

OW071015 Taipei CNA in English 0933 GMT 7 Aug 84

[Text] Taipei, Aug. 7 (CNA) -- A six-member trade mission from Britain arrived here Monday for a four-day visit for talks on promotion of bilateral trade, according to the Euro-Asia Trade Organization [EATO]

An EATO official said the British mission, led by Lord Jellicoe, called on Economic Affairs Minister Hsu Li-teh and will meet with Governor C.C. Chang of the Central Bank of China and Communications Minister Lien Chan this afternoon. The British Group will promote sales of its products and discuss ways to narrow trade deficits with the government officials here.

Britian has long had a trade deficit with Taiwan but is nor more actively cracking the local market. The two-way trade between the Republic of China and Britain reached U.S. dollars 927.4 million with the ROC enjoying a surplus of U.S. dollars 312.2 million, according to customs statistics. During the first six months of the year, the ROC shipped U.S. dollars 332.2 million worth of products to Britain while imports stood at U.S. dollars 146.4 million.

Other members of the group include Lord Kindersley, president of Anglo-Taiwan Trade Committee; and ranking officials from Nei Parsons (a leading producer of power plant equipment), Davy Mckee (a major supplier of steel equipment); and GEC group (a leader in electrical machinery).

20TH ROUND OF PRC-UK TALKS BEGINS IN BEIJING

HK080252 Hong Kong HONG KONG STANDARD in English 8 Aug 84 p 2

[Text] The 20th round of Sino-British talks begins today, with the task of sorting out the remaining problems in the settlement of Hong Kong's future. The governor, Sir Edward Youde, arrived in Beijing yesterday for the two-day meeting.

He told reporters at the Chinese capital's airport that there was still work to be done and that the negotiating teams had to work hard to settle the remaining issues.

An agreement on Hong Kong's future was imminent, as most problems had been solved.

He said that only three aspects concerning the territory's future were undecided. These were the nationality issue, civil aviation policy and land policy.

Sir Edward said there was no reason why a satisfactory agreement could not be reached by September. He added that there were still several rounds of talks to go.

The governor will return to Hong Kong tomorrow evening. One member of the British negotiating team will be missing from today's meeting. He is the political adviser, Mr Robin MacLaren, who is on vacation in Britain. Mr MacLaren will be consulting with Dr David Wilson, team leader of the joint working group, on the latest developments in the talks.

The British ambassador to Beijing, Sir Richard Evans, said that the joint working group examining documents presented in the talks would resume its meetings next week. But he said no definite date had been fixed yet.

The group went into recess after the 19th round of talks held at the end of last month. Sir Richard said he would take a short break later this month and visit the famous summer resort of Beidaihe. It has been learned that no banquet will be held after this round of meetings, unlike previous talks.

LEGAL ADVISORY COMMITTEE COMPOSITION DISCUSSED

HK080256 Hong Kong SOUTH CHINA MORNING POST in English 8 Aug 84 pp 1, 26

[By Terry Cheng]

[Text] Legal experts with strong British links may be invited to join the local advisory committee on the drafting of the basic law for post-1997 Hong Kong. But they would do so strictly in a private capacity, an informed source said yesterday.

It is understood that left-wing circles are actively discussing the composition of the committee. Some sectors feel that legal experts with strong British links should be invited to help out. They do not rule out the possibility of inviting Government legal experts to give advice. The idea is to recruit people of as varied backgrounds as possible to make the committee as representative as possible. This would not be tantamount to allowing the British to participate in the drafting procedure, the source said.

As to other members of the committee, it is generally believed that they should include some local delegates to the National People's Congress and the Chinese People's Political Consultative Conference. The candidates may also include some individual Umelco members. But the problem, it is understood, is their agreeing to join in a private capacity.

It seems that Peking has not yet arrived at a firm decision as to who should take the initiative in organising the committee. Some suggest it would be more appropriate for the NPC and CPPCC delegates to take the initiative. Others feel Chinese officials in Hong Kong should take the lead. The director of the local branch of the NEW CHINA NEWS AGENCY, Mr Xu Jiatun, said in May it was not the Chinese Government's plan to set up such a committee, but if local people wanted to establish one, Peking would not interfere.

Meanwhile, according to another source, the preparatory work of drafting the basic law has begun in Peking. It is understood that an informal group has been formed under the State Council to prepare the work. China has already said the State Council may appoint a special committee to draft the basic law. The special committee is expected to be set up at the beginning of next year, at approximately the same time as the setting up of the local advisory committee.

There were early reports that the drafting committee in Peking may include some Hong Kong residents. However, if the special committee is formed under the State Council, it is unlikely Hong Kong people will be included.

TALKS SOUGHT WITH U.S. ON TEXTILE CURBS

HK061141 Hong Kong Domestic Service in English 1000 GMT 6 Aug 84

[Text] The American Chamber of Commerce in Hong Kong has severely criticized its own government's new textile regulations which are likely to seriously threaten the territory's trading profits. Meanwhile, the Hong Kong Government has handed in a diplomatic note to the acting United States consul general regarding the new textile rules. The details from Nick Beecroft:

[Begin recording] The American Chamber of Commerce, Amcham, claims the new regulations, which affect manufacturing practices, are discriminatory, and in conflict with the Hong Kong-U.S. textile agreement. Amcham says they will have very serious repercussions for major sectors of the territory's textile industry. Amcham is now seeking an urgent meeting with Hong Kong's secretary of trade and industry, Mr Eric Ho, to express its concern and to see what part it can play in obtaining a delay in the implementation of the regulations. The new rules are due to come into effect early next month. Amcham expressed support for the idea of preventing fraud within the context of textile agreements, but said the regulations were not the way to do it.

Meanwhile, a diplomatic note has been handed in to the acting United States consul general, by the Hong Kong Government, regarding the new regulations. The diplomatic note urges the U.S. authorities to take steps to relieve the immediate trading problems which Hong Kong now faces. It states that the rules would significantly disrupt trade and cause great hardship. The proposed regulations came as a surprise, and appeared to be aimed at countries with limited resources, like Hong Kong, where the effect on trade would be most felt. The Hong Kong Government is now seeking early consultations with the U.S. authorities. [end recording]

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